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# USSR Report

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## USSR REPORT

### USA: ECONOMICS, POLITICS, IDEOLOGY

No 12, December 1986

[Translation of the Russian-language monthly journal SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA published in Moscow by the Institute of U.S. and Canadian Studies, USSR Academy of Sciences.]

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## SUMMARY OF REYKJAVIK SUMMIT EVENTS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 86  
(signed to press 19 Nov 86) pp 3-10

[Article by V. M. Berezhkov: "After Reykjavik: The Struggle for Peace Continues"]

[Text] The outcome of the Soviet-American meeting in the capital of Iceland left no one unconcerned. Never before had the two sides' positions on the most vital issues of disarmament been closer than they were in Reykjavik. And the fact that the stubbornness of the United States precluded agreement aroused severe disappointment everywhere. American Senator C. Pell called it "a black day for mankind." Even President Reagan himself felt "distressed." At a press conference held immediately after the talks, General Secretary of the CPSU Central Committee M. S. Gorbachev remarked with regret that a historic opportunity had been missed, although the Soviet side had agreed to major concessions for the sake of an agreement.

The meeting in Reykjavik evoked many responses, debates and arguments. Politicians and researchers are carefully analyzing what happened in the capital of Iceland, and the more thoroughly they analyze these events, the clearer it becomes that this meeting was an important international event in the struggle against the arms race and for the prohibition and elimination of nuclear weapons.

When the Soviet Union proposed a summit meeting in Reykjavik, it was fully aware of the dangers of the current highly charged international atmosphere. The many years of disarmament talks in Geneva had virtually reached an impasse. There have been no positive developments in this important sphere in recent years. Besides this, the arms race has not been stopped. The continued American nuclear tests, despite the unilateral Soviet moratorium of more than a year's standing, indicate that influential circles in the United States are making an intense effort to create new lethal weapons systems and are still pursuing the illusion of military superiority to the USSR. The intention to stop observing the SALT II treaty was announced in Washington, and people there are preparing to break the ABM Treaty and extend the arms race to outer space.

We should recall the specific objective the leaders of the two powers set in November 1985 at the summit meeting in Geneva. The joint Soviet-American

statement spoke of the urgent need "to stop the arms race in space and stop it on earth, to limit and reduce nuclear arms and to strengthen strategic stability." Unfortunately, there have been no advances in this important area after almost a year. Throughout this time Washington has adhered to the aim of militarizing space, has built up its nuclear potential and has stubbornly refused to stop underground nuclear tests.

As for the Soviet Union, during the period between the Geneva and Reykjavik meetings, it has demonstrated, in actions and not in words, its serious commitment to the objective announced in the Swiss capital. It is no coincidence that last year entered history as a year of important Soviet foreign policy initiatives. By 15 January 1986, just 2 months after the Geneva meeting, M. S. Gorbachev was setting forth important proposals with regard to nuclear arms reduction, with the ultimate aim of their complete elimination by the year 2000. The Soviet side simultaneously proposed a program of conventional arms reduction and announced that it would continue observing its unilateral moratorium on nuclear tests, instituted in August 1985, until 31 March 1986. It later extended it until 1 January 1987. The 27th CPSU Congress in late February and early March 1986 reaffirmed the program for the construction of a non-nuclear world as the main area of Soviet foreign policy, drafted and approved the fundamentals of a comprehensive system of international security and substantiated the need for a new way of thinking and new methods of solving international problems and settling conflicts in the nuclear age. The Soviet side made the statement that the security of any state today cannot be guaranteed by the other side's lack of security. By the same token, security cannot be guaranteed by building up weapons and becoming militarily superior to the other side. In the nuclear age--this is the USSR's firm conviction--real security can only be common security, and, in the case of Soviet-American relations, it can only be mutual or reciprocal security.

Another important initiative came from the Warsaw Pact states, which proposed a massive comprehensive program for the substantial reduction of conventional arms and armed forces in Europe. Following the Chernobyl tragedy an international mechanism for dealing with the safety of nuclear power engineering was developed at the IAEA conference in Vienna at the suggestion of the USSR.

The Soviet Union did not confine itself to putting forth far-reaching constructive proposals but also demonstrated its belief in peace and international security in action by renewing its moratorium on nuclear tests four times, despite Washington's continuation of underground nuclear tests. When the American side's position made the issue of verification a stumbling-block, the USSR consented to on-site inspection in addition to national means of verification. Furthermore, the Soviet Government agreed to the installation of instruments in Central Asia near Semipalatinsk and to the conduct of seismic verification experiments by Soviet and American scientists there. As a result, the possibility of detecting even the smallest underground nuclear explosions was completely corroborated.

The Soviet initiatives contributed to the convergence of the two sides' positions at the talks on intermediate-range weapons in Europe. An important agreement was simultaneously concluded at the recently completed Stockholm conference on confidence-building measures and on security and disarmament in Europe.

The entire world witnessed the Soviet Union's consistently principled efforts to reach agreements on the most vital issue of the present day--the reduction and eventual elimination of nuclear weapons, the eradication of the danger of nuclear war and the consolidation of world peace. Unfortunately, this cannot be said of U.S. policy. It was its fault that the international atmosphere is still tense and that the danger of nuclear war is as great as ever.

In view of all this, the Soviet leadership concluded that it was time to take decisive action to break the vicious circle of the arms race, stop the slide to the abyss of nuclear catastrophe, break the deadlock in disarmament talks and pave the way for agreements in the interests of the Soviet and American people and in the interests of all mankind. These were the Soviet side's motives when it proposed a summit meeting without delay to the U.S. President, so that the leaders of the USSR and United States could provide strong momentum to channel the disarmament process in the necessary direction. The USSR suggested the capital of Iceland as a possible meeting place. President Reagan agreed with this. Therefore, the decision to hold the talks in Reykjavik was mutual.

It must be said that millions of people on all continents realized the dramatic nature of this moment in history. It was the moment of crossing the Rubicon, a moment which could have the decisive effect on the planet's future. The lack of agreements could mean the annihilation of all life on earth. This is why people everywhere awaited the outcome of the Reykjavik meeting with such anxiety and hope. When the talks M. S. Gorbachev described as sharp and heated debates were going on behind the firmly closed doors of Hofdi House, mass peace rallies and demonstrations were held in many countries, including Iceland. The demonstrators expressed the firm hope that the leaders of the two powers would live up to their historic mission and that they would reach the agreements all the people of the world wanted from them. The leaders of many other countries on all continents sent telegrams to Reykjavik in those days to express the hope that agreements would be reached.

Before and after the meeting in Reykjavik, the Western press wondered why the American side agreed to the Soviet proposal that the meeting be held in the capital of Iceland. After all, for many months the White House had been repeating that it would not diverge from the Geneva agreement that the next summit meeting would be held in the United States in 1986. As the Soviet side pointed out, the decision to hold the meeting in Reykjavik was the result of the constructive approach of both sides, Soviet and American. Western commentators, however, were not satisfied with this explanation. They are still talking about the American side's possible motives for this change of stance.

Reporters have pointed to, for example, the upcoming congressional elections and the hopes, which were unjustified, that the talks in Reykjavik would help the Republicans retain the majority in the Senate. They have also written about the signs of a recession in the United States and about the administration's interest in diverting public attention from domestic problems to foreign policy issues. They have also stated that since President Reagan has just over 2 years left in the White House, he has to consider the mark he will

leave on history. Reporters close to the first family assert that Nancy Reagan wants her husband to occupy a fitting place among the "great presidents," and that a disarmament agreement with the Soviet Union would be the most reliable way of ensuring this.

It is possible that there is some truth in all of these observations, but there is no question that other considerations also sent President Reagan to Reykjavik. Above all, there were the substantial changes in world public opinion in connection with the Soviet peace initiatives and the Soviet Union's observance of the moratorium on nuclear tests for more than a year. The USSR's actual efforts to eliminate the danger of nuclear war and to strengthen common security, the Soviet idea of establishing sensible and civilized relations between states, the Soviet appeals for the new way of thinking demanded by the nuclear age and the concrete examples of this new way of thinking--all of these stimulated the world public's demands, addressed primarily to the Soviet and U.S. leaders, for a disarmament agreement.

Under these conditions, the U.S. administration's stubborn adherence to its previous line of achieving military superiority to the Soviet Union, the universally protested underground nuclear tests in Nevada for the purpose of developing new lethal weapons systems, and the imperious ambitions taking the form of hegemonic encroachments upon the freedom and independence of other sovereign nations--all of these are intensifying the isolation of the United States, complicating its relations with allies and evoking serious opposition in the United States, particularly in Congress. The consent to a meeting could, in the opinion of American policymakers, alleviate the situation to some degree. In any case, it was difficult for them to refuse the Soviet proposal of an interim working meeting between the top leaders of the two powers.

In the last days before the Reykjavik meeting the administration's position was complicated by the resignation of Assistant Secretary of State for Public Affairs Bernard Kalb. He did this to protest the administration's campaign of disinformation and deliberate lies about Libya. Washington's position was also weakened by the American plane shot down over Nicaragua and by the assertion of one of the Americans on board that he worked for the CIA. The U.S. administration's assurances that the American Government had no connection with the downed plane did not sound convincing to anyone.

In addition to all this, the American delegation's position in Reykjavik was complicated by the vehement objections of extreme rightwing elements from among the President's closest advisers to his meeting with the Soviet leader. Their attacks on the administration and on President Reagan himself continued even while the talks were going on. As NEWSDAY reported, many conservatives "are worried that President Ronald Reagan...might deviate from his planned arms buildup and assault on communism." James Hackett, formerly an administration staffer and now the director of the publishing house of the reactionary Heritage Foundation, declared: "When conservatives meet with the President in the Oval Office, he becomes the old and familiar Ronald Reagan--tough and unyielding. Recently, however, he has been caving in to other influences and his policy is losing its toughness." Another one of the President's

"preceptors," Howard Phillips from the Conservative Caucus, stated: "Reagan is not Reagan anymore. He has become the figurehead of the pragmatists." Jack Kemp, the extremely reactionary member of the House of Representatives from New York who wants to be president, accused the administration of being seduced by the "temptation of detente."

These attacks even aroused the President's anger and motivated him to use the following descriptive phrase about the quarrels among his conservative associates: "Our right hand does not know what the extreme right is doing."

According to the CHRISTIAN SCIENCE MONITOR, just before Reagan left Washington he invited a group of rightwing leaders to the White House. He "reassured" them by promising not to sign any kind of arms control agreement in Reykjavik. According to the newspaper, the President assured his "long-time allies" that he was going to the meeting with the Soviet leader "without illusions" and "from a position of strength." This was the reason for the speculation that the President was not free to make any decision in Reykjavik contrary to the interests of the military-industrial complex. This was also the reason for his intransigence at the talks, which led to their breakdown.

Subsequent events confirmed this conclusion. Washington's actions indicate that the U.S. administration is diverging from the mutual understanding reached in Reykjavik.

As for the Soviet side, it responded with the utmost seriousness to the historic responsibility assigned to the top Soviet and U.S. leaders. The Soviet delegation came to Reykjavik with a package of far-reaching proposals with the aim of breaking the deadlock in the Geneva talks. M. S. Gorbachev explained these proposals in detail at the press conference on 12 October. They covered all of the main aspects of the disarmament process: strategic systems, intermediate-range nuclear weapons in Europe and Asia, shorter-range missiles, nuclear verification measures and the prevention of the militarization of space. A mutual understanding was reached in the sphere of humanitarian issues, and here the Soviet side again demonstrated its willingness to take concrete steps. At the conference in Vienna in the beginning of November, the Soviet Union proposed that an all-European humanitarian conference be held in Moscow to discuss these matters in a principled and business-like manner.

In general, the Soviet proposals represented an effort to meet the American position halfway, and the proposals regarding intermediate-range missiles essentially coincided with U.S. proposals.

In contrast to this, the American delegation arrived in the capital of Iceland with empty hands and empty briefcases, displaying an obvious shortage of the new way of thinking. The U.S. representatives used the same papers, yellowed with age, which Americans had been shuffling for months at the tables in Geneva and which, as M. S. Gorbachev put it, represent yesterday. If these papers had been the focus of attention in Reykjavik, no advances would have been possible. Only the Soviet side's new and bold initiatives breathed life and energy into the talks and, after sharp and heated debates, secured the convergence of positions and agreement on all matters but the SDI.

Prior to the meeting, official White House spokesmen repeatedly stressed that the President was "well prepared" for the talks and quoted Reagan's statement that Reykjavik could be "a historic turning point" in U.S.-Soviet relations. An interview the President had granted Brazil's VEJA magazine was also disseminated. In it, Reagan asserted that it was his "firmest wish that perceptible progress will be made before the end of the century in removing nuclear weapons from the earth." If this is true, the President's luggage could have been expected to contain important initiatives. It turned out, however, that there was nothing inside. In fact, the American press warned of this even before the meeting. On 10 October THE WASHINGTON POST informed the public that, "just before the summit meeting, several days of nervous talks by American officials in charge of arms control ended in deadlock, and President Reagan, according to official sources, did not take any new proposals to his Reykjavik meeting with Soviet leader Mikhail Gorbachev."

People in Washington apparently did not expect the Soviet delegation to come up with anything new either. The bold and extraordinary Soviet proposals were a surprise to the American side. It had to come to an agreement on major aspects of nuclear disarmament, although the United States subsequently broke the essentially concluded agreement with its unyielding position on the SDI and its attempts to break the ABM Treaty.

Why did this happen? As mentioned above, President Reagan was influenced strongly by extreme rightwing elements and the military-industrial complex before he left for Reykjavik. These elements fear agreements with the Soviet Union as much as the devil fears incense. They are the ones that invariably escalate tension before each Soviet-American summit meeting. For example, in 1960, in President Eisenhower's time, the U-2 spy plane was sent into Soviet air space just before a scheduled Soviet-American summit meeting. This provocative action led to the cancellation of the meeting. A few days before President Nixon's arrival in Moscow in 1972, the American command bombed Hanoi and Haiphong to prevent the summit meeting. Only the Soviet leadership's self-control and sense of responsibility for the fate of the world prevented this and paved the way for detente. It was also no coincidence that the Carter Administration felt the need to reaffirm the decision to arm the United States with the new MX strategic missile, predictably complicating the international situation, just before the Soviet-American summit meeting in Vienna in 1979. Before the summit meeting in Geneva in November 1985, President Reagan's speech writers made a vigorous effort to slip flagrant anti-Soviet rhetoric into his speeches. And just before the Reykjavik meeting, there was a veritable witches sabbath in the United States over the "Daniloff affair," after he was apprehended by official Soviet agencies in illicit activity. The American press is already reporting that the next summit meeting could be preceded by the U.S. administration's ostentatious repudiation of the SALT II treaty, which has successfully impeded the unlimited escalation of the arms race for several years.

It is easy to see that all of these provocations were intended to prevent USSR-U.S. agreements on important current issues. And it is amazing that in spite of the extreme irresponsibility and recklessness with which the

organizers of these actions play with fire, they are still able to do this. It is as if the absence of agreements, the continuation of the arms race and the intensification of the threat of nuclear conflict will not endanger the United States! But after all, if an armed conflict should break out in the nuclear age, the flames of the radioactive holocaust will not spare the United States. It would seem that the "Challenger" disaster and the tragedy of Chernobyl should have opened everyone's eyes to the dangers lying in wait for the world's population in the nuclear age. What is the reason for the political blindness of the United States? Is it that the Americans do not know enough about the ways in which a nuclear conflict could affect the United States?

On 29 September 1986 THE NEW YORK TIMES printed an article, "Nuclear Policy After 1988," by John Douglas, former U.S. assistant attorney general and president of the Bar Association of the District of Columbia, where Washington is located. The article dealt with a phenomenon which could be called the "ostrich syndrome" of Americans. "Each contender for the presidency in the 1988 elections, regardless of party affiliation," the article says, "should already have chosen the main theme of his inauguration speech in 1989--a sincere explanation of the nuclear danger and the first steps he will take to eliminate it. This shock therapy is needed to bring the world out of its state of apathy and avert the imminent danger of nuclear war."

The article goes on to say that no president has ever been complete honest with the American people regarding the scales and dangers of the nuclear risk. "Each president has been hesitant, taking half-hearted measures at best or escalating the arms race at worst.... Tomorrow's problems, each assumed, can probably be left to tomorrow's politicians. But this tomorrow is not so distant. We are approaching the very edge of the abyss. We should remember that each new invention in the armaments sphere, with rare exceptions, has been used in the past. It is obvious that the risk of a nuclear conflict is intensifying."

The author of the article in THE NEW YORK TIMES notes that, in the last few years, "Americans have realized that it is impossible to win a nuclear war. But the country still has not realized the totality of nuclear catastrophe or the imminence of the danger. Presidents have been unable to explain either to the nation, preferring an external show of bravado.... All presidents have consequently adhered to a single policy, alternating patriotic and militant appeals with optimistic statements or meaningless discussions of a general nature. And all of them believed that they could 'cope' with the nuclear problem. Each later bequeathed the problem to his successor in worse condition than when he inherited it." Concluding with the statement that the risk of nuclear war will be much greater by 1989, the author stresses that the next president should be "frank and precise." He should not only explain the danger of the total catastrophe resulting from a nuclear war, but should also explain why the danger of miscalculation is so great. If he takes an ambiguous position, "he will lose the best opportunity to avert the nuclear train wreck."

Obviously, this is not bad advice for the next president of the United States, but does the resolution of the burning problems of nuclear arms reduction and

elimination have to be put off until 1989? Is it possible that nothing can be done by the current President?

At the press conference in Reykjavik, M. S. Gorbachev said that he was an optimist. And it is true that the Reykjavik meeting, despite the lack of results, proved that the most complex problems in the reduction and elimination of nuclear weapons, just as the problem of the reliable verification of the observance of agreements, could be solved on a mutually acceptable basis. After all, the positions of the USSR and the United States converged to an unprecedented degree in Reykjavik.

In response to one question, M. S. Gorbachev said that both sides--both the Soviet Union and the United States--should take another look at the issues in question. "I think," he said, "that the President of the United States and we should reflect on the entire situation that has evolved here, return to the issues in question and try to surmount what divides us now. After all, we have already agreed on many points and have traveled a long way. Perhaps the President should consult the Congress, political groups and the American public.

"Let America think. We are waiting, we will not withdraw the proposals we have made, and we are essentially ready to negotiate these matters."

Discussing the outcome of the Reykjavik meeting, the CPSU Central Committee Politburo stressed the need for continued contacts and negotiations, including the talks in Geneva, regarding the entire range of nuclear and space arms on the basis of the platform proposed by the Soviet side in the Icelandic capital.

The entire world is disturbed by the failure to reach an agreement at the Reykjavik meeting. This happened because the American side stubbornly adhered to the fantastic and extremely dangerous idea of the SDI, and because influential American groups have not given up their impossible dream of military superiority to the Soviet Union.

The storm of propaganda activity by official U.S. spokesmen after the Reykjavik meeting was supposed to whitewash Washington's improper behavior at the meeting. Some administration spokesmen, including its head, went so far as to take credit for the convergence of the two powers' positions on major aspects of disarmament, although everyone knows that it was the Soviet side's initiative, persistence and boldness that served as the prerequisites for breaking the deadlock.

Incidentally, there are more serious impostures in official Washington statements, particularly with regard to the attempts to defend the SDI, which were the main reason for the failure to reach an agreement. How valid, for example, are the statements which misrepresent the aims of the ABM Treaty and imply that the treaty will not impede the work on the "Strategic Defense Initiative" until the SDI's space-based BMD system is deployed? It has also been suggested that the Soviet Union demanded changes in the ABM Treaty in Reykjavik. The Soviet side, however, is completely satisfied with this treaty. Article V

quite clearly states: "Each side pledges not to develop, test or deploy sea-, air-, space- or mobile land-based ABM systems or components." Of course, this does not make the supporters of the SDI happy. It was the United States, and not the USSR, that threatened to violate the ABM Treaty by refusing to limit its project to laboratory research. Furthermore, in Reykjavik the American side proposed the replacement of this treaty with some other agreement regulating the procedure of space-based ABM system development. All of these maneuvers attest to the administration's reluctance to face reality.

A return to the situation that existed prior to the meeting in the capital of Iceland must not be permitted. There must be no retreat from Reykjavik, a retreat the U.S. administration seems to be planning. The frontiers conquered in Reykjavik must be retained and used as a basis for further advancement.

We can only hope that the nuclear danger now posing a threat to all mankind, including the people of the United States, will eventually motivate the leaders of this great power, on which so much in today's world depends, to take a realistic approach. The struggle for the resolution of nuclear armament problems and for peace is continuing. It is being waged by politicians, public movements and millions of people. It can and must lead to measures which will deliver mankind from nuclear catastrophe and guarantee lasting peace and security, egalitarian cooperation and the friendship of all the people of our planet.

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## THE EFFECT OF THE SDI PROGRAM ON THE U.S. ECONOMY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 86  
(signed to press 19 Nov 86) pp 11-21

[Article by A. A. Vasilyev and A. A. Konovalov: "Some Aspects of the SDI Program's Effect on the U.S. Economy"; passages rendered in all capital letters printed in boldface in source]

[Text] The increasingly intense work on the "Strategic Defense Initiative" (SDI) in the United States has been accompanied by increased worries throughout the world about the implications of this program. A serious scientific analysis proves conclusively that the "humane" aims of the SDI initially declared by the Reagan Administration--to make all nuclear weapons "impotent and obsolete" and to deliver the world from the nuclear danger forever--were actually nothing more than a propaganda smokescreen for the extremely dangerous plans of militarist political and business groups in the United States hoping to secure their own long-range selfish interests with its help.

In reference to the genuine aims of the SDI, M. S. Gorbachev stressed when he was interviewed by L'HUMANITE that "there are at least ten cynics in Washington for every 'believer' in this surrealistic plan for deliverance from the nuclear threat," some of whom do believe in the possibility of creating a BMD system which, in combination with early warning systems, would make the planning of nuclear aggression with impunity possible. "Others simply want to get rich. Still others want to undermine the economy of the USSR by involving it in the space race. Still others want to widen the technological gap between the United States and Western Europe and thereby secure its dependence."<sup>1</sup>

The supporters of the SDI take every opportunity to publicize the favorable effect the program will supposedly have on the economic development of the United States and its allies. They talk about technological breakthroughs, about the acceleration of scientific and technical progress and about the possible peaceful uses of SDI research findings. An impartial analysis proves, however, that in addition to its obviously negative political implications and its possible destabilization of the international political situation, the SDI could have an economic impact quite far removed from the optimistic picture painted by the program's architects.

## The SDI and U.S. Budget Problems

Even in its present stage the program is regarded as something of exceptional importance to the interests of giant military-industrial corporations. The prospect of creating a broad-scale BMD system, capable, in the opinion of its supporters, of considerably reducing the effectiveness of the adversary's strategic offensive forces, transfers the question of the assessment of the strategic balance to the level of comparisons of the quantities of means of circumventing it. This "game" of continuously perfecting offensive weapons and the systems of defense against them<sup>2</sup> will indisputably facilitate the "substantiation" of the need to acquire almost any weapons system and will guarantee firms the prospect of many years of steady growth.

The hopes of the corporations are reinforced by the scales of program-related R & D. According to Defense Department data, more than 250 companies and laboratories are participating in these projects. In all, over 2 billion dollars was spent and more than 1,500 contracts were signed in connection with SDI research from 1983 to 1985.<sup>4</sup>

Although the biggest contracts were awarded to leading U.S. military-industrial corporations,<sup>5</sup> the Pentagon is vigorously trying to include small research firms, laboratories and universities in this work. Allocations for SDI-related research have already been received by more than 600 universities and industrial laboratories in the United States and Western Europe. In fiscal year 1985 the funds allocated by the Pentagon for university research reached 930 million dollars, almost double the FY 1980 figure.<sup>6</sup>

Vigorously opposing any attempts to limit or abandon this dangerous plan, the leaders of the military business are relying on the support of political leaders, including the President himself. As one of the directors of Boeing declared, "when your lobbyist is the President of the United States, the best thing is to just sit back and keep quiet."<sup>7</sup>

According to V. Damisch from the First Boston Corporation, a well-known expert on the U.S. defense industry, "the traditional defense budget will not increase perceptibly in the near future. All companies interested in survival realize that they cannot refuse to participate in the SDI."<sup>8</sup>

Some idea of the scales of the work on the SDI can be gained from a comparison of the cost of just planned research projects with other U.S. projects of previous years (see table).

The SDI expenditures do not look so colossal yet. It is known that plans call for the allocation of 26 billion dollars in the next 5 years.<sup>9</sup> In the opinion of renowned American expert J. Pike, however, the initial stage of the work on the SDI will last until the early 1990's and will cost 70 billion dollars.<sup>10</sup> Furthermore, by 1990 almost one-fourth of the Defense Department's R & D allocations will be spent on SDI research.

As for estimates of the total cost of developing and deploying the space-based BMD system, they are only approximate figures but they range from

1 trillion to 4 trillion dollars. It is precisely estimates of this kind, however, that attest to the difficulties of financing the SDI program.

Comparative Costs of Some Projects (constant FY 1986 prices)

Name of project	Billions of dollars
"Strategic Defense Initiative" (1984-1993)	60
All BMD research (1954-1983)	40
Carrier force administration	17
Manhattan Project	15
All space shuttle R & D	10
Panama Canal	4

Source: "The Strategic Defense Initiative. Budget and Program," Washington, 1985, p 1.

The U.S. administration's increased military spending in the 1980's seriously exacerbated the nation's financial problems. The federal budget deficit is known to have risen from 58 billion dollars in FY 1981 to 212.3 billion in 1985, and the public debt exceeded 2 trillion dollars in FY 1986. Under these conditions, it is valid to wonder whether the nation's financial capabilities can meet the needs of a program as ambitious as the SDI.<sup>11</sup>

The supporters of the SDI, however, are counting on alleged budget reserves. Since the main current costly military programs will be completed by the end of the 1980's (they absorb 40-50 billion dollars a year), the Pentagon will supposedly have much of the funds it needs for the SDI. Besides this, according to official data, in the 1980's the department has accumulated a large sum already allocated by the Congress but not used because the defense industry has not been able to absorb the increasing torrents of funds with which it has been inundated. The figure was 44 billion dollars in FY 1983 and over 43 billion in 1984.<sup>12</sup> In all, funds allocated by Congress but not spent by the Pentagon were estimated at 280 billion dollars in 1985.<sup>13</sup> The right congressional decisions could make these funds available for the SDI.

Of course, these calculations are only hypothetical. First of all, as administration spokesmen have repeatedly said, the work on the space-based BMD system will be accompanied by the improvement of offensive weapons and, consequently, the programs completed in the 1980's will be succeeded by new ones. For example, the Pentagon recently announced the intention to award contracts to aerospace corporations for a new generation fighter plane. The Air Force wants all of the latest aerospace achievements, particularly those complicating the radar detection of aircraft, to be taken into account in the design of the fighter, which is intended for military use in the 21st century. The total cost of this project could reach 45 billion dollars.

As for funds allocated for specific systems but still unused, their redistribution by Congress would be resisted by different branches of the armed forces and by the corporations working on these programs. The SDI's critics believe

that even the research stage of the program is already much more costly than its architects presumed. The development and deployment of the entire system could cost so much that the growth of the federal budget would eventually be uncontrollable. This will create severe problems in credit markets and eventually inhibit economic development.

#### Prospects for Scientific and Technical Progress

When the SDI's supporters discuss the implications of the program, they assert that the work on the program will provide powerful additional momentum for several new high technology fields of production. Above all, they list specialized computer engineering, the computerized control of complex processes, the development of artificial intelligence, robot engineering, new types of materials and technologies and new generations of reliable global communication systems. Furthermore, they stress that the intensive development of these fields in the United States can be conducted only in the interests of guaranteeing "national security" and counteracting the "Soviet military threat." Otherwise, the machinery of state will allegedly be incapable of securing the steady and extensive financing of future R & D. In other words, the SDI is a means of maintaining R & D in advanced fields. This argument is used most frequently during discussions of the causes of the weaker competitive potential of some American high technology products in comparison to the goods of other developed capitalist countries (especially Japan).

The assessment of the total impact of the SDI program on scientific and technical progress and the nation's economy as a whole is connected with the broader issue of the impact of military research on indicators of economic and technological development.

Contrary to the fairly popular Western opinion that military research produces numerous innovations which can then be used successfully for civilian commercial purposes, the R & D financed by the Defense Department is usually not the main source of scientific and technical discoveries.

The military establishment has traditionally preferred to deal with large military-industrial companies, and the concentration of military research surpasses the concentration of military production. In FY 1982 the 10 leading military contractors were awarded approximately a third of all new Defense Department contracts and filled half of the orders for advanced weapons systems. Although around 80 percent of the funds for military R & D have gone to large firms since the 1950's, new ideas in the United States are more likely to be supplied by small research firms.

In general, the very fact that the same large Pentagon contractors are consistently awarded the majority of government contracts for research and for weapons production is one of the factors impeding scientific and technical progress. It depends primarily on breakthroughs, on revolutionary scientific ideas and discoveries entailing a departure from existing products and technologies and their rejection. Large military-industrial firms, however, frequently resist these revolutionary discoveries because they lead to the depreciation and obsolescence of their accumulated production potential. This

is why they are more inclined to spend the funds they receive from the government on the gradual improvement and modernization of existing products and technological processes. In 1975, for example, 56 percent of the amount spent on R & D in the aerospace industry was used for the improvement of existing products.<sup>14</sup>

American researchers have acknowledged that the discoveries and inventions determining the future of science and technology are frequently made without the participation of the Defense Department. The development of the American semiconductor industry is a good example of this. In essence, not one of the fundamental innovations in this field has been the direct result of research ordered by the Defense Department. Bell Laboratories, for example, developed the first transistor with its own funds.<sup>15</sup> Foreseeing the military's interest in the discovery, this firm publicly announced the development of the transistor before it informed military officials of the fact, to avoid the possible classification of the invention.

When the Defense Department took an interest in the invention and began energetically financing this work, it allotted the lion's share of funds, as always, to its traditional partners--the largest producers of electronic devices, Westinghouse Electric, Raytheon, Sylvania and others. Even in 1959 the old suppliers of electronic equipment received 78 percent of the R & D funds allocated by the federal government for the improvement of transistors and the reduction of transistor production costs, although these companies controlled only 37 percent of the transistor market.<sup>16</sup> New companies--Texas Instruments, Motorola and Transistor--penetrated the transistor market and won a leading position in it in spite of Defense Department actions.

In spite of the millions the Air Force spent on R & D in the field of integrated circuits, the main breakthroughs in this field were made during projects financed by the companies themselves. It was only after Texas Instruments built a working model of the integrated circuit that it received a development contract from the Air Force. The technological process allowing for its mass production was developed by the Fairchild firm without any kind of government financing. Many examples of this kind could be cited. Therefore, military R & D has never been the most effective generator of inventions and discoveries.

This fact is corroborated indirectly by comparisons of existing data on U.S. patents issued for inventions and discoveries. The number of patents issued during the course of military R & D has always been much lower than when comparable funds have been spent in civilian fields. A survey of the largest U.S. Defense Department contractors revealed that these corporations had patented a total of 61,300 inventions from 1949 to 1959. They received only 7,988 patents in connection with military research contracts, however, and only 7 percent of these could be used commercially. At the same time, an average of 50 percent of all American patents can be used commercially.<sup>17</sup>

All of these references to military research in general apply completely to the SDI program. It is obvious that it is far from the best way of securing scientific breakthroughs. Within the SDI framework, applied R & D has always

exceeded basic research, which is the main source of new knowledge. The SDI-related R & D is primarily based on the use of existing basic knowledge for the development of specific military systems.

An important feature of the SDI and of other military research is the extremely weak connection between their aims and results and the reasonable needs of human civilization. All of the development of recent decades proves conclusively that the commercial use (or "spin-off") of military R & D results is constantly declining. This is particularly apparent today in connection with specialized military projects. Contemporary missile complexes, their high-precision homing systems, and electronic equipment such as jamming devices could hardly be used for any peaceful purposes. It is no coincidence that the spin-off is now moving from the results of military research to the technological processes, materials and other by-products developed during the course of this research, whereas the research findings themselves have no civilian value. As West Germany's WIRTSCHAFTSWOCHE commented, "civilian air lines do not need a plane with a geometrically modified wing and the ability to fly at the speed of sound from Frankfurt to Hanover at treetop height while remaining invisible to radar."<sup>18</sup> It must be said that the example cited by this magazine is far from the most graphic demonstration of the impractical aims of military projects.

Of course, even products developed during the course of military R & D can be used for civilian purposes. A comparison of the experience of, for example, Japan and the United States proves conclusively, however, that civilian research has a much greater economic impact than the commercial use of military projects. After all, military and civilian R & D, even in related fields, are conducted for completely different purposes. In military research indisputable priority is assigned to the necessary qualitative features of systems, and almost no attention is paid to the cost of satisfying these requirements. For this reason, many products developed with the use of military research findings cannot compete in the civilian market because their prices are too high. According to the Stockholm International Peace Research Institute, expenditures on R & D for the development of military equipment are 20 times as high on the average as the cost of developing comparable civilian systems.<sup>19</sup>

The very process by which knowledge and technology are transferred from the military to the civilian sphere is becoming increasingly complex and costly. The government has had to resort to various tricks in the contract system and to organize special exhibits to inform civilian firms of innovations in the military sphere. In general, the barriers of secrecy accompanying military research, on the one hand, demand considerable additional funds to surmount them, and, on the other, restrict and limit scientific discussion--that is, they essentially inhibit scientific and technical progress.

Even the president of a leading military contractor, Hewlett-Packard, and head of a presidential commission on the competitive potential of U.S. manufactured goods, J. Young, has had to admit that military research is now so exotic and takes so much time to produce results that it is of little commercial value to civilian industry. Furthermore, the commission acknowledged that the Pentagon is turning into a net consumer of commercial inventions.<sup>20</sup> In other words, civilian research now produces many more by-products used for military purposes than vice versa.

In the 1950's and 1960's the Pentagon appropriated discoveries made in the civilian sector and spent lavish amounts to adapt them for military uses. Of course, it played the important role of a guaranteed "first user" by acquiring products still too complex and too costly to sell in the civilian market. Today, however, the civilian market is filled with complex technical equipment, and its production and sale give companies a chance to finance their own projects. For example, whereas in 1969 the government bought 36 percent of all semiconductor products, in 1978 it bought just over 10 percent.<sup>21</sup> Furthermore, this decline was not the result of reduced government demand, but of the higher demand for semiconductors for civilian industry and consumer needs.

The United States is far ahead of other developed capitalist countries in terms of the amount of government funds spent on R & D. But whereas the military's share of the total government R & D expenditures in FY 1976 was 50 percent, the draft budget for FY 1986 envisages total R & D costs of 58.3 billion dollars, with military R & D absorbing 42.4 billion, or 73 percent. What is more, it envisages reduced government allocations for research in public health, power engineering, transportation, agriculture, etc.<sup>22</sup> The United States is behind the other leading developed capitalist countries in terms of the percentage of its GNP now invested in non-military R & D (1.5 percent), although it was ahead of its main rivals in the 1950's and 1960's.<sup>23</sup>

If the talk about the value of military research to civilian industry were true, the United States should be far ahead of other developed capitalist countries in, for example, labor productivity growth rates. According to Data Resources, however, some West European countries have already surpassed the United States in labor productivity in the processing industry. From 1977 to 1983 labor productivity in the U.S. processing industry rose at a rate of 1.2 percent a year. This is half as high as in the FRG (2.5 percent), just over one-third as high as in France (3.5 percent) and less than a third as high as in Japan (3.9 percent).

After the end of the war the growth rate of labor productivity in private American firms steadily declined--from 3.3 percent in 1947-1965 to 1 percent in 1977-1984. And labor productivity did not rise at all in the United States between the second quarter of 1984 and the second quarter of 1985.<sup>24</sup>

For this reason, there is no question that the SDI-related R & D will tip the balance in government R & D expenditures even more in the military's favor and will consequently intensify the related negative economic impact. People in many American research centers are expressing the valid fear that the SDI program will leave no room for truly necessary civilian research. As a report prepared by the Council on Economic Priorities stressed, "while expenditures on strategic defense, including other related projects within the Star Wars framework, will represent only 4-5 percent of total national R & D expenditures in 1986, their rapid growth in the next few years could preclude other federal R & D allocations with less political import."<sup>25</sup> Consequently, the SDI will have a negative effect on rates of scientific and technical progress in the United States.

## Relations with Allies

In its efforts to encourage its main allies to participate in the SDI, the United States is making use of various "arguments," including the thesis that this will almost be the only way for Western Europe and Japan to gain quick access to new types of military products and technologies that might subsequently be used successfully for commercial purposes. It is trying to convince the leaders of these countries (and with some success) that the refusal to participate in the development and creation of the space-based BMD system will leave them on the sidelines of scientific and technical progress, because it is precisely within the framework of this program that the main ideas will be engendered in major fields of contemporary science. As a result, the governments of Great Britain, the FRG and Japan, as well as Israel, have already announced their intention to participate in the SDI.

The real reason the United States is worried, of course, is not the prospect that the allies might fall behind. It is more likely that it is worried about the higher rates of scientific and technical progress in Western Europe and Japan.

By spending huge sums on military R & D, the United States is losing its position in high technology markets to its rivals. Whereas in 1974 Japan's share of the American market of machine tools with numerical programmed control was 4 percent, in 1983 it exceeded 50 percent.<sup>26</sup> In 1982 the output of robots in the United States increased by 10 percent, but their imports increased by 92 percent.<sup>27</sup> According to THE WASHINGTON POST, "one of the Lockheed plants near Atlanta produces military transport planes for the American Air Force and for more than 50 countries in the world, but the most complex machine tools making the parts for these planes are produced in Sweden." The newspaper went on to cite a remark by renowned American economist S. Melman: "The choice is no longer only between guns and butter, but also between guns and competence as far as the means of production are concerned."<sup>28</sup> Between 1982 and 1984 U.S. imports of high technology products increased by 218 percent in terms of cost, including 42 percent for imports from the FRG, 47 percent from France and 52 percent from Italy.<sup>29</sup>

By encouraging the allies to participate in the SDI, the United States hopes to solve several problems at once. First of all, the SDI research will require many highly qualified specialists. According to the calculations of French General P. Gallois, the work on the SDI will require 18,000 scientists and 400,000 engineers.<sup>30</sup>

Under these conditions, the United States is trying to make extensive use of the intellectual potential of its allies in its own military research. The SDI program will essentially become the channel for a "brain drain" on a qualitatively new level. Whereas in the 1960's American firms encouraged talented specialists to move to the United States at least temporarily, the current possibilities of information exchange mean that the intellectual potential of other countries can be used without necessarily moving the owners of the "necessary brains" across national borders. It will be enough for a specialist to work on a contract with the American military establishment for the results of his efforts to become the property of American companies.

If this should occur, however, a high percentage of talented specialists will be diverted from the resolution of civilian problems, and this will have a negative effect on the economic growth rates of the United States' main rivals. We can agree with THE WASHINGTON POST, which commented that "General Abrahamson's (the head of the SDI program in the U.S. Defense Department--Author) talk about the use of the best scientific forces of (Western) Europe could sound frightening. A look at some important areas of the SDI clearly indicates that they encompass most of the electronics industry, where there is a shortage of personnel everywhere in the world, including (Western) Europe."<sup>31</sup>

As DER SPIEGEL remarked, the United States is using its political influence "to channel all technology transfers in one direction--from (Western) Europe to America."<sup>32</sup> It is not surprising that many specialists even in the states whose governments announced an intention to participate in the SDI have expressed the fear that this program will make it difficult for Western Europe and Japan to compete with the United States in civilian markets.

It must be said that these fears are completely valid. Participation in the SDI program will put the companies in the countries allied with the United States within a rigid organizational framework assigning them the role of subcontractors.

In November 1984 the FRG Ministry for Research and Technology prepared a document on "U.S. Policy on Technology Transfer," which specifically stated: "The distribution of (U.S.) Defense Department contracts not only establishes worse conditions, even if this is not deliberate, for the competition of American industry, but is also limiting technology transfers more and more." The same study expresses the fear that "the military sector will establish a virtual monopoly on technology of considerable potential value in civilian fields."<sup>33</sup>

Taking advantage of the strict secrecy of military research, the United States is keeping outsiders from gaining access to its results. West European companies are interested, for example, in the development of modern high-speed integrated circuits, the use of which could be of great commercial value. As former French Defense Ministry adviser P. Heisbour stressed, however, "the program is completely closed to the allies. They have no access to it."<sup>34</sup> In the opinion of Canadian Marconi spokesman J. Siemens, in many strategic technological fields, "Canadian companies will have no access to American information.... Consequently, our place will be at the bottom of the technological spectrum of space BMD. If we are forced out of a leading position in the SDI program, we could eventually be even further behind industry leaders than now."<sup>35</sup>

Therefore, participation in the SDI program will automatically assign the U.S. allies the role of "eternal runners-up" and will make it extremely difficult for them to take the lead in any of the main areas of scientific and technical progress. For this reason, former FRG Minister of Research and Technology Von Bulow stated: "If (Western) Europe does not watch out, it will become an appendage of the U.S. military-industrial complex."<sup>36</sup>

When the United States encourages its allies to participate in the SDI, it expects their political acknowledgement of this program to have another result. By participating in the research, the allies will essentially agree that the future creation of this kind of system is quite probable. By doing this, they will help to "substantiate" the current U.S. military-strategic concepts assigning an increasingly important role to the new types of non-nuclear weapons now being developed. This, in turn, will mean that the allies will have to participate much more in military preparations. Whereas the improvement and buildup of the strategic nuclear triad were mainly regarded as an American prerogative, according to the new concepts each ally will have to increase arms development and purchases considerably. This idea is underscored in the Soviet statement to the FRG Foreign Ministry on the conclusion of secret FRG-U.S. agreements regarding the procedure of the participation of West German firms and establishments in the American program for the creation of space offensive arms: "The SDI program is intended...to increase nuclear, and military in general, confrontation everywhere, including the European continent."<sup>37</sup>

When we look at the U.S. approach to the SDI program in general, we can see that members of American ruling circles are hanging on to the Star Wars plan so stubbornly primarily because of the political "advantages" it will supposedly offer. As far as the economic aspects of the SDI are concerned, people in Washington are not expecting the acceleration of scientific and technical progress as much as they are hoping that the program will secure the interests of the military-industrial complex and will have a negative effect on the economic development of their most dangerous rivals among the developed capitalist countries.

People in the United States are also hoping that the need to respond to the SDI will impede the resolution of social and economic problems in the USSR. In November 1983 one of the godfathers of the plan, E. Teller, frankly expressed the wish that the American program would force the Soviet Union to increase its military spending. "If this happens," he said, "we will already have accomplished something."<sup>38</sup> It is a well-known fact, however, that attempts to undermine the Soviet economy with military preparations have never been successful in the past and will not be successful now.

In reference to the possible Soviet reaction to the SDI program, M. S. Gorbachev stressed in his speech of 18 August 1986: "If necessary, we will quickly find a response, and it will not be the one expected in the United States. It will be a response which will depreciate the Star Wars program."<sup>39</sup>

Washington's insistence on strengthening its own security to the detriment of the other side reflects political thinking that is obsolete and unacceptable in the nuclear age. It was repeatedly stressed at the 27th CPSU Congress that the continuation of the arms race on earth, not to mention its extension to space, and the desire for military superiority "OBJECTIVELY CANNOT GIVE ANYONE A POLITICAL ADVANTAGE."<sup>40</sup> As for the plans to use the SDI program to weaken the economies of other states--both allies and ideological opponents--U.S. ruling circles are hurting their own country by diverting colossal material and intellectual resources for unproductive military purposes.

FOOTNOTES

1. PRAVDA, 8 February 1986.
2. It is quite interesting that the main SDI contractors are the leaders in the development and production of nuclear arms delivery vehicles: Boeing, Lockheed, McDonnell Douglas and Rockwell. They received 57 percent of all the funds spent on the SDI by the end of 1985 (DER SPIEGEL, 25 November 1985, p 148).
3. U.S. NEWS AND WORLD REPORT, 9 December 1985, p 47.
4. Ibid., p 49.
5. V. S. Guseva, "'Star Wars' and the 'Star Complex,'" SSHA: EPI, 1986, No 3.
6. U.S. NEWS AND WORLD REPORT, 9 December 1985, p 50.
7. THE NEW YORK TIMES, 19 December 1985.
8. Ibid.
9. Congress reduced the requested amount by 380 million dollars (or 21 percent) in FY 1985 and 960 million (26 percent) in 1986.
10. "The Strategic Defense Initiative. Budget and Program," p 10.
11. Although administration spokesmen have called excessive, in their opinion, government expenditures on non-military needs the main cause of the budget deficit, the simplest analysis reveals the main area of overexpenditure. The U.S. federal budget consists of two parts differing in their economic nature. A fairly large part (around a third) consists of so-called "trust funds." It is from here that funds are used for social security, the development of the infrastructure, etc. In contrast to other federal budget expenditures (including military), which are covered with the aid of general taxes (income, corporate, etc.), they are financed by special taxes the government cannot spend on other budget items. For example, the tax on plane tickets can be used only for the construction and operation of airports. The administration can only redistribute the sums in the trust funds within programs and cannot use general federal taxes for these programs. Therefore, these items cannot cause the growth of the budget deficit. If such "self-funded" items are excluded from the budget, military expenditures accounted, according to American estimates, for 33.6 percent of the remaining portion in FY 1981. Besides this, items with military components are not included in the "national defense" section of the federal budget. These include pensions for war veterans, military aid to foreign states, Coast Guard expenditures, etc. Approximately two-thirds of the interest paid on the public debt, according to American estimates, is connected with debts incurred in the financing of past wars and military preparations. When these items are added to the

military budget, it turns out that 48.6 percent of all fiscal revenues, excluding the "self-funded" programs, were spent on military purposes in FY 1981 (R. DeGrasse, "Military Expansion. Economic Decline," N.Y., 1983, p 116).

12. "Statistical Abstract of the United States 1985," p 332.
13. THE INTERNATIONAL HERALD TRIBUNE, 22 May 1985.
14. "Technology, Strategy and National Security," Wash., 1985, p 115.
15. J. Tilton, "International Diffusion of Technology: The Case of Semiconductors," Wash., 1971, p 95.
16. "The Impact of Department of Defense Procurement on Competition in Commercial Markets," Wash., 1981, p 53.
17. WIRTSCHAFTSWOCHE, 20 September 1985.
18. Ibid.
19. Ibid.
20. THE WASHINGTON POST, 1 December 1985.
21. R. DeGrasse, Op. cit., p 91.
22. SCIENCE RESOURCES STUDIES, HIGHLIGHTS, 31 July 1985, p 1.
23. THE ECONOMIST, 9 November 1985.
24. Ibid.
25. FINANCIAL TIMES, 22 March 1986.
26. "The Militarization of High Technology," edited by J. Tirman, Cambridge (Mass.), p 82.
27. THE NEW YORK TIMES, 4 March 1984.
28. THE WASHINGTON POST, 1 December 1985.
29. LE MONDE DIPLOMATIQUE, March 1985.
30. JAPAN QUARTERLY, July-September 1985.
31. THE WASHINGTON POST, 2 July 1985.
32. DER SPIEGEL, 16 May 1985, p 29.
33. Ibid.

34. THE NEW YORK TIMES, 15 May 1985.
35. THE GLOBE AND MAIL, 16 May 1985.
36. DER SPIEGEL, 16 May 1985, p 31.
37. PRAVDA, 5 June 1986.
38. P. Mishe, "Star Wars and the State of Our Souls," Minneapolis, 1985.
39. PRAVDA, 19 August 1986.
40. "Materialy XXVII sъezda Kommunisticheskoy partii Sovetskogo Soyuza"  
[Materials of the 27th CPSU Congress], Moscow, 1986, p 65.

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## EFFECT OF U.S. AND NATO NAVAL PRESENCE IN MEDITERRANEAN ON AREA SECURITY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 86  
(signed to press 19 Nov 86) pp 34-43

[Article by G. M. Sturua: "The Reinforcement of Security in the Mediterranean: The Naval Aspect"]

[Text] The events of 1986 directed the attention of the world public to the state of affairs in the Mediterranean. The need for stronger security in this region with the highest concentration of naval forces on our planet became clearly apparent once again. The Mediterranean has become a zone of combat more frequently in this decade than any other part of the world ocean. It was from here that interventionist operations were launched against the littoral states of North Africa and the Middle East. The elimination of the threat posed by the navies of the imperialist powers in a region of shipping lanes connecting several continents has become an urgent part of the struggle to consolidate world peace.

The reduction of the scales of the naval presence in the Mediterranean will be of considerable importance in the reduction of armed forces and conventional arms in Europe. It was described in the documents of the Warsaw Pact Political Consultative Committee conference (of 11 June 1986) as a matter of "particular urgency" for the present and future of the European continent, where two large groups of armed forces, equipped with the latest weapons, are now facing one another. Furthermore, some conventional weapons systems are approaching weapons of mass destruction in terms of their combat characteristics.

Warships flying the flags of different countries are in the Mediterranean. The U.S. Navy has the greatest combat potential here and coordinates its actions closely with the naval units of Great Britain and the Mediterranean NATO states (in the middle of the 1980's the navies of the latter had 3 multipurpose aircraft carriers, 2 helicopter carriers, 3 guided missile cruisers, 60 destroyers, 98 frigates and 65 submarines). The American Navy has been in the region permanently since the end of World War II. It was then that the U.S. military and political leadership decided to exert pressure on littoral states by leaving the ships in the Mediterranean that had been sent there to support American troops in Italy. The naval presence was gradually expanded. Since 1947 the U.S. Navy's Mediterranean forces have invariably included aircraft carriers, and in 1948 these forces became the sixth operational fleet, with no fixed composition, made up of the most combat-ready ships of the Second Fleet, operating in the Atlantic Ocean.

The number of ships remained fairly stable throughout the 1970's and the first half of the 1980's--around 40 ships and vessels: 1 or 2 aircraft carriers, 3 or 4 cruisers, from 10 to 15 destroyers and frigates, 4 or 5 multipurpose nuclear submarines, 5 landing ships and around 10 auxiliary vessels. The number of ships rose during some international crises (to 65, for example, during the Arab-Israeli war of 1973) and then returned to the previous level.

Judging by the composition of the Sixth Fleet, it is intended for offensive operations, for combat operations against the shore. The fleet is organized into task forces, and the main one is the 60th, which includes carrier groups. The main fighting strength of the fleet is concentrated here. Each group consists of an aircraft carrier with 90 planes and helicopters on board, usually escorted by 6 cruisers and destroyers and 1 or 2 submarines. The carrier group is capable of traveling 700 miles in a day and can be dispersed by the American command over an area of up to 10,000 square miles and conduct combat operations in an area of up to 100,000 square miles. The two aircraft carriers sent to join the Sixth Fleet operate jointly during periods of international crisis or during training exercises of the "National Week" category. At other times one is usually located in the west Mediterranean and the other is in the central or east Mediterranean.<sup>1</sup>

A group of landing ships (the 61st task force) is located in the Mediterranean permanently. It includes an amphibious helicopter carrier on which up to 20 helicopters or several Harrier planes are based. An amphibious force--a Marine battalion of up to 2,000 men--can be landed from these ships. The American command assigns the group an important role. Even before the beginning of hostilities, it is supposed to take over a port or airfield in a littoral country for the landing of the main invasion forces.

Whereas the quantitative features of the Sixth Fleet have been virtually unchanged in a decade and a half, this cannot be said of its qualitative features. The intensive modernization of the U.S. Navy has increased the strength of the fleet: It has acquired new types of ships and vessels with better weapons and radioelectronic equipment.

The augmentation of the attack capabilities of the Sixth Fleet has been a continuous process, strengthening the American command's belief in its "unparalleled" combat efficiency. Admiral H. Shear, who once commanded the allied NATO forces in Southern Europe, felt justified in declaring that the Sixth Fleet "is now the most modern and powerful naval formation on our planet, a genuine decisive factor in military success in the region and a force absolutely essential for our defense of the southern flank."<sup>2</sup>

By the 1980's the American Armed Forces had almost 200 bases and other military installations at their disposal in the Mediterranean. Around 20 of these were the main installations of the Sixth Fleet. Its staff is based near Naples and its flagship is in the port of Gaeta. An American submarine base is also located here in Italy, on Maddalena, and an antisubmarine aircraft base is located in Sigonella. In the east Mediterranean the Pentagon established a large naval communications center in Kenitra (Morocco) and an antisubmarine aviation base in Rota (Spain). In Greece the United States built the large

Soudha Bay naval complex (Crete), which can accommodate almost all ships of the Sixth Fleet, and a naval communications center in Kato Suli. Turkey allows the American Navy to use the ports of Izmir, Iskenderun and Yumurtalik. In particular, the supply depots of the Sixth Fleet are located here. A radar station of the Loran system is located in Kargaburun and allows ships and planes to determine their exact location. Electronic surveillance stations are also located on Turkish territory and gather information about the Soviet Navy.<sup>3</sup> The Israeli port of Haifa is being turned into a new base of the Sixth Fleet in the east Mediterranean by the terms of an agreement concluded in the 1980's. The Pentagon regards the operational equipment in the Mediterranean as a strategic theater advantage, and this is why people in Washington have such an acute reaction to the threat of losing at least part of the base infrastructure.

A propaganda publication written in Sixth Fleet headquarters says that the fleet is intended to perform the following four functions: "the deterrence of aggression against Western Europe through the deployment of a strike force capable of using nuclear and conventional weapons and the organization of offensive operations either independently or as part of the NATO forces"; "the guarantee of peace and stability"; "the reinforcement of U.S. prestige" in littoral countries; "the protection of American citizens, shipping and interests in the Mediterranean."<sup>4</sup> The official interpretation of the Sixth Fleet's functions as strictly defensive ones has nothing in common with reality. Its mission has been assigned by the interests of the struggle against the socialist world and the national liberation movements in developing states with a view to the geostrategic features of a region located at the point where Western and Eastern Europe and the Arab East meet.

The waters of the Mediterranean and the territory of Italy, Greece and Turkey constitute, according to NATO terminology, the "southern flank of the North Atlantic alliance." Members of the NATO command stress that the Mediterranean "is of vital importance to the southern flank because it is a connecting link between potential zones of combat on land in southern Europe and the means of direct support of land campaigns."<sup>5</sup>

The "number one target" of the United States and its allies in the Mediterranean is the Soviet Union. This was made clear by the very first American plans for nuclear war against the USSR, which were drawn up in Washington in the second half of the 1940's, such as "Pincher" (1946). Its list of specific objectives includes the following: "Preparations for land and airborne offensive operations in vitally important regions of the Soviet Union from the Mediterranean Sea and the Middle East." When the U.S. Navy was equipped with carrier-based attack aircraft capable of carrying nuclear bombs in the 1950's, the scales of the threat to the Soviet Union from the southwest increased substantially. Today American carrier-based attack aircraft, which could be equipped with nuclear bombs with a yield ranging from 2 kilotons to 1 megaton, are capable, according to U.S. naval expert B. Watson, of striking at the Black Sea ports in the USSR, the oil industry enterprises in Baku and other industrial complex in this region.<sup>6</sup> When the navy is equipped with cruise missiles in the near future, a nuclear attack will no longer be undertaken from just a few aircraft carriers, but from almost half of the surface ships and submarines of the Sixth Fleet.

With a view to the importance of the Mediterranean in U.S. strategic plans, Secretary of the Navy J. Lehman stressed the need for reliable "control" of the sea. In particular, he meant that the United States and its allies should be able to keep enemy ships out of the Mediterranean by blocking the straits of Gibraltar and the Black Sea and the Suez Canal. The establishment of a blockade of the straits, according to the American command, will be facilitated by the fact that the Black Sea straits cross the territory of a NATO member, Turkey, while the Strait of Gibraltar is bordered by two other NATO members, Portugal and Spain, and has a British naval base located in its zone. During the regularly conducted "Display Determination," "Dawn Patrol" and "Locked Gate" exercises, in which up to a hundred naval ships of the NATO states participate, joint actions are perfected for the establishment of "control" of the Mediterranean and its "gates."

The United States regards its Mediterranean fleet as a force to be used in an intercoalition war in Europe and for armed intervention in developing states and the Middle East. Secretary of Defense C. Weinberger remarked in an interview in October 1983: "Our navy is an extremely important element...of our commitment to peace in the Middle East." In fact, something else is quite obvious: The operations of the Sixth Fleet throughout its history have only helped to escalate the Mideast conflict and delay its just resolution. What is more, the very presence of the American fleet in the Mediterranean is viewed by Washington and Tel Aviv as a tangible symbol of U.S. support of Israel's expansionist policy.

The Arab people's mounting struggle against Israeli aggression motivated military and political groups in the United States and Italy to reorder the priorities of their Mediterranean strategy. Admiral W. Crowe, the man who is now the chairman of the Joint Chiefs of Staff, repeatedly stressed that the Mediterranean occupies a prominent place in U.S. military plans because, the admiral warned, "the probability of war in this region is much greater than in any other."<sup>7</sup> Rear Admiral W. Rosen, the commander of the Sixth Fleet, declared that the possibility of crises at various points of the Mediterranean coastline signifies that a serious threat to southern Europe "could arise not only within Europe but also in regions south and east of NATO's traditional zone of responsibility."<sup>8</sup> The same idea was expressed by Italian Deputy Defense Minister B. Ciccardini: "From now on the threat could emanate from hot spots in the Mediterranean."<sup>9</sup>

The new emphasis in U.S. Mediterranean strategy, the "refocusing of attention on the south," is a direct result of Washington's "neoglobalist" approach and its distorted view of events in the developing world through the prism of "confrontation with the Soviets." The U.S. military and political leadership's analysis of past American involvement in Mediterranean affairs was another reason for these changes in American strategy in the region. Most of the conflicts and crises in which U.S. armed forces participated in the Mediterranean were located in its southern and eastern zones. In almost every case, Washington relied on the interventionist potential of the Sixth Fleet. This was the case during the U.S. aggression in Lebanon in 1958, when around 70 ships covered the landing of 14,000 American servicemen. During the Arab-Israeli wars of 1967 and 1973, the "Jordanian crisis" of 1970 and the civil war in Lebanon in 1976, the Sixth Fleet conducted threatening maneuvers near the shores of Arab countries.

Members of American military and political groups admit, however, that blackmailing the littoral states with the military strength of the Sixth Fleet has not always produced the anticipated results. The "intimidating" impact anticipated in Washington has been eroded by the world community's condemnation of these actions. The tendency toward the reduced effectiveness of naval interventionism has also motivated the U.S. leadership to take extreme measures to reverse this trend. It is trying to find more suitable forms and scales of U.S. and NATO naval presence in the Mediterranean, and means and methods of using their navies to guarantee the success of armed intervention.

The line of "refocusing attention on the south" took the physical form of the use of the Sixth Fleet to exert pressure on the Arab countries of the Middle East and North Africa and of the U.S. attempts to involve the European allies in military adventures under the cover of such slogans as the "reinforcement of Atlantic solidarity," the "fight against international terrorism" and others. In August 1982 the Reagan Administration rushed to Israel's aid after it started a war against Lebanon. The White House sent a Marine battalion to east Beirut as its contribution to the "multinational force," which also included British, Italian and French military contingents. The American Marines stayed in Lebanon for a year and a half. The ships of the Sixth Fleet delivered artillery and aviation strikes against Lebanese populated points, taking a direct part in Israel's military actions against an Arab state for the first time.

Lebanon was not the first Mediterranean country where the current Washington administration tested the fighting strength of the Sixth Fleet. An earlier target was Libya, whose anti-imperialist line in international affairs arouses the anger of the White House and of many legislators on Capitol Hill. At first the disagreements over the status of the Gulf of Sidra served as the official pretext for acts of aggression against Libya, but then Washington openly declared its intention to "punish" Tripoli for the assistance it had allegedly given terrorists. In August 1981 the Sixth Fleet maneuvers organized in the Gulf of Sidra ended with the destruction of two Libyan planes by carrier-based Tomcat fighter aircraft. People in the White House attached special significance, transcending the regional framework, to these naval operations. The administration was eager from the very beginning to demonstrate its willingness to put an end to the "Vietnam syndrome" and to unhesitatingly carry out threats issued to countries refusing to submit to U.S. diktat.

Four and a half years later the Reagan Administration organized naval exercises off the Libyan coast with 30 ships, including 3 aircraft carriers. At the end of March 1986 its carrier-based A-7 planes attacked Libyan missile boats, which had come within 40 miles of the American task force, and Libyan air defense complexes. At that time, after creating a highly charged atmosphere by groundlessly accusing Libya of organizing the terrorist acts in the Rome and Vienna airports, the administration put the finishing touches on far-reaching military plans envisaging the assassination of M. Qadhafi and the establishment of a pro-American regime in Libya. An attempt was made to carry out these plans in the middle of April 1986, when carrier-based A-6 planes and F-111 bombers based in Great Britain bombed the Libyan cities of Tripoli

and Benghazi. Many civilians were killed or wounded during the barbarous raid. A Soviet Government statement issued in connection with this interventionist operation said: "What we see here, therefore, is another vivid confirmation of the essentially aggressive U.S. approach to independent developing countries, an approach which grows more belligerent and more dangerous to the cause of peace with each day."<sup>10</sup>

The use of the Mediterranean as a bridgehead for aggression against socialist countries has had a direct effect on the Soviet Union's security interests. Of course, it also could not ignore other NATO naval actions destabilizing the situation in the region adjacent to its southern border. In the second half of the 1960's the Soviet Union had to take steps in response to the deployment of NATO strike forces in the Mediterranean: Soviet naval ships were sent to the sea. It is quite significant that this was a forced move, contrary to the lies of NATO propaganda, and it was also completely legal from the standpoint of international law and in connection with the fact that our country, as a Black Sea and, consequently, Mediterranean power, has the right to be present in this region. The nature and goals of the presence of Soviet naval ships in the Mediterranean differ fundamentally from those of the naval presence of imperialist powers. As a TASS statement of 24 November 1968 said, Soviet naval ships are there "not to pose a threat to any people or state. Their function is to promote the cause of stability and peace in the Mediterranean zone." The appearance of Soviet naval ships in the sea evoked a storm of indignation in the United States and the NATO leadership, because it changed the strategic situation and restricted the earlier free hand of the fans of military adventures and their policy of ruling the sea.

The Soviet Union is fully aware that the danger of wars and conflicts in this region can only be eliminated completely by political means. Proceeding from this for almost a quarter of a century, the Soviet Union has been actively advancing initiatives to limit military activity in the Mediterranean zone on an equal basis.

It is significant that the USSR sent naval ships to this zone only after Washington rejected an important Soviet proposal envisaging the avoidance of a nuclear missile race in the Mediterranean. In 1963 the Soviet Union addressed an appeal to 16 states, asking them to "declare the entire Mediterranean region a zone free of nuclear missiles." The appeal also said that if this proposal should be adopted, the USSR would offer reliable guarantees along with other countries to keep the Mediterranean zone outside the sphere of the use of nuclear weapons.<sup>11</sup> In 1974 the Soviet Union reaffirmed the need to begin the denuclearization of the Mediterranean. It proposed that the USSR and United States remove all ships carrying nuclear weapons from the sea.<sup>12</sup> It is significant that English and French ships here are equipped with nuclear weapons along with the ships of the U.S. Sixth Fleet.

Analyzing the Soviet initiatives, American researchers A. Kelly and C. Petersen from the Center for Naval Analysis took the official Washington position and called them a "Moscow game" to lessen the nuclear threat to the Soviet Union.<sup>13</sup> This analysis, however, is essentially a self-exposure. It reveals the aggressive aims of the U.S. military and political leadership and

its reluctance to recall the nuclear missile carriers patrolling the Mediterranean.<sup>14</sup>

The motives ascribed to the Soviet Union are far removed from its reasons for defending the idea of withdrawing ships carrying nuclear weapons from the Mediterranean. B. Watson asserts that the USSR made this proposal supposedly for the purpose of "weakening NATO's southern flank and American influence in the Middle East" and changing the nuclear balance in a more "profitable," diplomatic way.<sup>15</sup> The fact is, however, that the Soviet Union opposes the nuclear arms race, wherever it starts or threatens to start on our planet. Its position on the Mediterranean reflects its consistent attempts to eliminate the nuclear danger on the global scale. The proposals of the USSR are in line with the principle of equality and equivalent security and will help to strengthen mutual trust and improve the atmosphere. On the other hand, the adoption of the pattern of deploying nuclear forces in the world ocean, meeting the requirements of first-strike strategy, will inevitably escalate tension.

In their efforts to denuclearize the Mediterranean, the USSR and other socialist countries have taken more sweeping measures. Their initiatives have included the idea of creating a zone of peace and cooperation in the region, presupposing the limitation and reduction of naval activity there. The expediency of establishing this kind of zone was discussed at the 24th CPSU Congress (in 1971).<sup>16</sup> The Political Declaration of the Warsaw Pact countries of 5 January 1983 also advocated the creation of a zone of peace and cooperation in the Mediterranean and the organization of the necessary negotiations.

The Final Act of the Conference on Security and Cooperation in Europe (in 1975) included a section dealing specifically with the Mediterranean zone. The document stated that security in Europe "is connected with security in the Mediterranean region as a whole and, consequently, the process of strengthening security cannot be confined to Europe but must be extended to other parts of the world, especially the Mediterranean."<sup>18</sup> It went on to advise the reduction of armed forces in the region. The United States and other interested countries could take part in this along with the Mediterranean states and the states adjacent to the region.

The success of the all-Europe conference provided momentum for international efforts to stabilize the situation in the Mediterranean. Developing the idea expressed in this section of the Final Act, the conference of European communist and workers parties (in 1976) noted in its final document: "Proceeding from the close connection between all-European security and security in the Mediterranean region, the parties represented at the conference oppose the further stockpiling of weapons in the region and advocate the removal of ships carrying nuclear weapons from the Mediterranean Sea, the dismantling of all foreign military bases and--as part of the process of surmounting the division of Europe into military blocs--the withdrawal of all foreign navies and troops, and this will help to turn the Mediterranean Sea into a sea of peace."<sup>19</sup>

In addition to taking other measures to strengthen security in the Mediterranean region, since the beginning of the 1980's the USSR has been asking the nuclear powers not to deploy nuclear weapons within the territory

of non-nuclear Mediterranean states, pledge not to use nuclear weapons against any Mediterranean country not allowing the deployment of such weapons within its territory, remove all ships carrying nuclear weapons from the Mediterranean Sea, and negotiate the reduction of armed forces in the Mediterranean region, especially naval forces. When General Secretary of the CPSU Central Committee M. S. Gorbachev spoke with Libyan revolution leader M. Qadhafi in October 1985, he mentioned the possibility of creating a zone free of chemical weapons in the Mediterranean basin, which is one of the most densely populated parts of the world. In March 1986 the program of struggle for security in the Mediterranean was enriched with a new point when M. S. Gorbachev asked the United States to negotiate the simultaneous withdrawal of the Sixth Fleet and Soviet naval ships from the Mediterranean. Furthermore, he clarified this request: "During this first stage no limitations will be imposed on naval activity and the naval arms of littoral Mediterranean states. Further steps to strengthen security in the region could be determined, in our opinion, with a view to the Soviet proposals contained in the statement of 15 January 1986 on the elimination of weapons of mass destruction."<sup>20</sup>

Summing up the basic guidelines of the Soviet approach to the reinforcement of security in the Mediterranean zone, USSR Foreign Minister E. A. Shevardnadze remarked in a letter to the UN secretary general that the situation in this region can be stabilized only on a broad international basis. This is why the Soviet Union has paid attention to the initiatives of the nonaligned Mediterranean countries and believes it would be useful to convene a conference of Mediterranean states and their neighbors, with participation by other interested countries, including the United States, to draft recommendations on the creation of a zone of peace and security in this part of the world.

Washington has taken an overtly destructive position on the normalization of the situation in the Mediterranean. For example, the day after the Soviet initiative on the elimination of the USSR and U.S. naval presence in the Mediterranean was advanced, the administration hastily rejected it.

The administration's position was bluntly set forth by a State Department spokesman at a press conference: "The proposal regarding the mutual withdrawal of USSR and U.S. forces from the Mediterranean is a variation on an old Soviet theme. It never warranted the serious consideration of the United States or our allies in the past. We have repeatedly explained that the United States has vital interests and ally commitments demanding American presence in the Mediterranean." As the official Washington response indicates, people there do not want to take a sober look at the explosive situation in the region.

It is interesting that some American experts are nevertheless discussing the possibility of some reduction of the permanent U.S. naval presence in the Mediterranean.

They cite the argument, for example, that the concentration of such a powerful naval grouping on the "southern flank" of NATO is not commensurate with its importance in bloc strategy. The "northern flank" is more important.

According to another argument, the permanent presence of the Sixth Fleet in the Mediterranean diminishes the flexibility of the deployment of U.S. naval

forces in the world ocean, because it diverts too many forces and means that might otherwise be used "to greater advantage" in other regions. The Indian Ocean and the Caribbean are usually mentioned among these other "regions of critical importance."<sup>21</sup>

Some NATO experts believe that the permanent presence of the Sixth Fleet lessens its politico-psychological impact. In their opinion, a dramatic increase in the U.S. naval presence at times of crisis would have a much greater impact.

It is easy to see that the proposals on a revised approach to the deployment of the Sixth Fleet in the Mediterranean are dictated by considerations far removed from the desire to strengthen security in the region. Furthermore, they are a reaction to the positive changes in the Mediterranean balance of power in the last 20 years and are supposed to neutralize these changes. In other words, they are an attempt to adapt to the present situation while retaining the earlier U.S. hegemonic interests in the region and the aggressive methods of their protection. Although the proposals cover a fairly broad range--from the quantitative reduction of the Sixth Fleet to its withdrawal from its present zone of deployment--they have a common purpose: to heighten the effectiveness of the aggressive use of U.S. naval strength in the region itself and on the global level.

Let us consider even the most radical proposal on the non-deployment of the Sixth Fleet in the Mediterranean. Although on the surface it seems to have been made in line with the UN-supported demands for the reduction of the danger of war in various parts of the world ocean, it actually has the opposite aim. First of all, there is the assumption that even if the Sixth Fleet leaves the Mediterranean, it will not leave forever. A course of events contrary to Washington's imperious interests would be followed immediately by the intense concentration of American naval strength in this region, and perhaps on an even greater scale than at present. Secondly, the withdrawal of the fleet from the Mediterranean in the form envisaged by several American experts is not supposed to strengthen overall security, but is merely intended to facilitate the attainment of globalist objectives in some other part of the world ocean. After all, its forces and arms will be transferred, for example, to the north Atlantic in pursuit of the adventuristic naval strategy envisaging a first strike at the Soviet military installations located in our country's north.

Many of the points of the recommendations regarding changes in the deployment of the Sixth Fleet and the analysis on which they are based are being criticized by members of U.S. military-political circles. In a study of U.S. naval policy in the Mediterranean, Pentagon adviser E. Luttwak declared: "The withdrawal of the Sixth Fleet from the spatially limited Mediterranean to the vast expanses of the Atlantic could be tactically wise but politically stupid.... The Sixth Fleet should be adapted to survive under dangerous circumstances if it is to remain an effective instrument of U.S. foreign policy."<sup>22</sup>

At the same time, one of the initial premises of the proposals of reduced naval presence in the Mediterranean is probably appreciated by the American command.

Although the United States has a large navy, the Pentagon acknowledges that its numbers are inadequate for the pursuit of a globalist strategy. Washington would like to perceptibly expand its presence in many important, in its opinion, parts of the world ocean simultaneously. The Pentagon apparently feels that this is not possible at this time and is striving to attain approximately the same objectives by assigning priority to naval mobility--the rapid transfer of naval ships from one region to another and their periodic concentration in the zones where this is considered to be most necessary at the given time (for example, for "carrier diplomacy" or naval exercises). Under the Reagan Administration the naval command adopted the concept of so-called "flexible operations," presupposing a slight departure from the traditional model of naval presence--the permanent deployment of a specific number of carrier task forces. Soon afterward, however, the Mediterranean became the scene of almost continuous aggressive actions by the American navy--either against Lebanon or against Libya. For a long time there were two or even three carrier task forces in the region. Rear Admiral J. Miller, who advocated the withdrawal of the fleet from the Mediterranean in his capacity as fleet commander, reviewed the military expediency of these plans and denied the possibility of implementing the part of the concept pertaining to the Sixth Fleet. The unchanged U.S. military-political commitments in the Mediterranean, the admiral asserted, precluded any changes in the current model of American naval presence in the region.<sup>23</sup>

There is no longer any absolute unanimity in U.S. military-political circles regarding the need for the constant maintenance of a naval presence in the Mediterranean at the levels of past years. Regrettably, however, there is also no awareness of the simple fact that, in spite of all its efforts, the United States will never be able to bring back the days when this sea was an "American lake." Washington is determined to establish naval superiority and is therefore infinitely distant from a realization of the desirability of limited naval presence in the Mediterranean or anywhere else. There is no question, however, that the improvement of the atmosphere in Europe and the rest of the world will stimulate the tendencies bringing U.S. military-political circles closer to the acceptance of the idea of regional limits on naval activity. The Soviet Union's program of nuclear disarmament and the reduction of armed forces and conventional arms in Europe will have a positive impact from the standpoint of the prospects for the struggle to strengthen security throughout the Mediterranean zone.

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## U.S. CENTRAL AMERICAN POLICY: PAST AND PRESENT

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 86  
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[Article by V. P. Kirpichenko]

[Text] Sixty years ago the United States committed another act of aggression against Nicaragua. In 1927 President C. Coolidge of the United States sent 15 warships with 4,700 Marines on board to the shores of the republic, using the request of the president of Nicaragua, conservative A. Diaz, for Washington's "military protection" in his struggle against liberals, as a pretext. Managua, Chinandega and other cities were bombed. Hundreds of people died.

In his message to Congress on 10 January 1927, Coolidge wrote that Nicaragua was so important to the United States that it could not allow the rise of an "unfriendly" government there. He asserted that revolutionary Mexico was helping to "export the Bolshevik revolution from Russia to Nicaragua." Do these "arguments" not remind us of the contemporary political terminology the Reagan Administration uses in statements about the countries of Central America?

The aggressive U.S. military actions of 1927 against Nicaragua were not an isolated case: In 1854 U.S. troops destroyed the port of San Juan del Norte just because an American officer, who was just passing through, was slapped in the face for shooting a Nicaraguan's dog for fun;

In May 1855 slaveowner W. Walker landed on the Pacific Coast of Nicaragua and declared himself the president of the republic. Within a year President F. Pierce of the United States had recognized Walker as the head of Nicaragua. The people, however, drove out the uninvited usurper;

In 1857 Walker decided to seize Nicaragua again under the cover of the guns of the American frigate "Saratoga"; in 1860 he was apprehended in Honduras and was executed.

K. Marx wrote that the "continuous piratical expeditions of filibusters against the states of Central America...were dispatched by the White House in Washington."<sup>1</sup>

In May 1927, when the efforts of the troops sent by C. Coolidge turned out to be inadequate, Colonel H. Stimson, a personal representative of the President of the United States, arrived in Nicaragua. He called the leaders of the fighting sides to a meeting in Tipitapa and issued an ultimatum, demanding the dissolution of their military formations. Both the conservatives and the liberals eagerly agreed that only one army, the Army of the United States, would remain in the country. The patriots headed by A. Sandino, however, refused to lay down their weapons and vowed to keep fighting until the Yankees had been driven out of the country. On 16 June 1927 Sandino's troops attacked Ocotal, the capital of the Department of Nueva Segovia. This was the beginning of a popular liberation war against the invaders' sizeable forces. There were already 40,000 American soldiers in Nicaragua and 28 warships near its shores in October 1928.

In 1985 the United States had 21 military installations in the region, including 5 naval, 2 air force and 7 army installations.<sup>2</sup> The occupation of Nicaragua by U.S. troops did not bring the liberation movement to its knees. A number of military defeats forced the U.S. Government to withdraw its troops from the country in 1932: The last soldier left in January 1933. This was a colossal victory for the people and it showed all Latin America that a successful struggle could be waged against an enemy as strong as U.S. imperialism.

At the time of the declaration of independence, the area of the United States represented a third of its present territory. A country with a population of 5.3 million and an area of 865,000 square miles became a giant, occupying almost a third of the entire American continent, within a century. How did it do this?

History testifies that the young beast of prey pounced first on the countries of Central America.

Mexico became the first object of U.S. scrutiny, almost immediately after it won its independence in 1821. First an entire army of "peaceful colonists," but...well-armed ones, was sent to northern Mexico. Three years later they convinced the Mexican Congress to pass a law guaranteeing the inviolability of their property. Then the U.S. Government asked Mexico to sell it Texas and adjacent territories. The Mexican Government refused this request. Then an armed uprising by the colonists in Texas was instigated. In 1836 they declared the separation of this territory from Mexico and asked the United States for "assistance." Washington negotiated the U.S. annexation of the territory with representatives of the "Republic of Texas," and in 1841 Texas was granted statehood by a special congressional resolution. Furthermore, the annexation was justified by the need to "protect national interests." A similar plan was then carried out in California.

From 1846 to 1848 the United States fought an unjust, aggressive war against Mexico and took away more than half of its territory.

The United States did not ignore the other countries of Central America either. In its lifetime it has conducted more than 200 interventionist operations against its southern neighbors, and the overwhelming majority were conducted in Central America:<sup>3</sup> the war against Mexico in 1846-1848, punitive

operations in Nicaragua in 1853-1854, a landing in Panama in 1856, the occupation of Nicaragua in 1857, the invasion of Puerto Rico and Mexico in 1859, a landing in Panama in 1860 and 1865, the invasion of Mexico in 1866, a landing in Panama in 1870, another invasion of Panama in 1885, a landing in Nicaragua in 1894 and 1896, an act of aggression against Nicaragua in 1898, a landing in Nicaragua in 1899, a landing in Panama and Colombia in 1901-1902, the occupation of the Panama Canal Zone in 1903, the intervention against Nicaragua and Honduras in 1907, another intervention against Honduras in 1911, a landing in Panama and Cuba in 1912, a continuous wave of military interventions in Nicaragua from 1912 to 1925, a landing in Mexico in 1913, punitive expeditions against Mexico in 1916-1917, the occupation of part of Panama in 1919-1920, the intervention against Honduras and Costa Rica in 1919, the invasion of Guatemala in 1920, the intervention against Panama and Costa Rica in 1921, a landing in Honduras in 1924-1925, a landing in Panama in 1925, the occupation of Nicaragua from 1926 to 1933, a landing in Honduras in 1931 and the intervention in Guatemala in 1954. In April 1961 the United States committed an act of armed aggression against socialist Cuba, in January 1964 it drowned demonstrating workers in Panama in blood, in April 1965 it organized intervention against the Dominican Republic under the OAS banner, and on 25 October 1983 the United States committed an act of armed aggression against Grenada and occupied it.

This excursion into the past is not incidental: It testifies that the current U.S. administration's policy in Central America is a continuation of American imperialism's long-standing line of hegemony and efforts to suppress the national liberation movement in the region. "Gunboat diplomacy" was supposed to secure territorial conquests or the "temporary occupation" of Latin American republics for the imposition of unfair treaties and agreements on them and for the creation of obedient regimes there.

Latin America occupies a substantial part of today's complex world and is also something like a "mini-copy" of it, distinguished by the characteristic trends and alternatives of our age. The common features of the Latin American countries still include the uncompensated removal of much of their gross social product, their multiple structure, the relative weakness and underdevelopment of their local capital, its limited capabilities in the world and national markets, the constant presence of conflicts between them and the TNC's and the relatively important role of the state sector of the economy.

The maintenance and even the expansion of foreign control of their economies, the increasing scales on which the TNC's are robbing the region, Washington's attempts to transfer the cost of the arms race to neighboring countries, and the imperialist policy of diktat and interventionism--these are the reasons for the constant reproduction and aggravation of conflicts between U.S. imperialism and Latin America.

Central America provides a particularly vivid example of this. The region is an intricate knot of contradictions. It is experiencing structural, financial and political crises. The states of Central America are the part of the "dollar empire" that has been subjected to the most U.S. "appropriation" and intervention. The futility of bourgeois democratic movements due to constant

and direct U.S. police intervention and the attachment of the population to the land have perpetuated the colonial specialization of these countries in the production of agricultural exports. The proximity of the North American market, the domination of agriculture by American capital and the combination of foreign plantations with local latifundias led to the relatively extensive establishment of commodity and money relations. The extremely low standard of living of the laboring public, the authoritarian behavior of the trade and land oligarchy and American capital, the brutal pro-American dictatorships and the cynical and imperious policy of the United States have always been the cause of the struggle of the people of these countries for genuine national independence, democracy and social progress.

It was noted at the 27th CPSU Congress that "the pitiful state of the developing countries is the biggest world problem. This, and nothing else, is the real cause of many conflicts in Asia, Africa and Latin America."<sup>4</sup>

One of the main causes of the increasing severity of the Central American crisis is the desire of U.S. ruling circles to subordinate objective changes to their own geopolitical interests. Combining the "big stick" policy with "dollar diplomacy," the United States launched a powerful military, diplomatic and propaganda assault on Central America, declaring that "important U.S. national security interests are at stake."<sup>5</sup> It is here that the United States perfects the means and methods of destabilizing progressive regimes and pursues a policy of state terrorism. All of this is done under the slogan of "reviving a strong America" and protecting "the traditional values of the free world."

Washington is striving to win domestic and international support for its expansionist policy, to get rid of odious people in Central America, to hide the reactionary nature of the undemocratic regimes it supports behind the external attributes of democracy and to establish more favorable internal and international conditions for a transition to even more aggressive and sweeping actions against free Nicaragua.

United States policy in Central America is influenced by a fairly large group of internal and external "limiting factors," such as the absence of a consensus on Central American policy in the country at the beginning of the 1980's; the persistence of the Nicaraguan revolution and the people's willingness to defend it to the death; the constructive position of the Soviet Union and Cuba and of the entire socialist community; the active support of Nicaragua by the non-aligned countries, the cautious position of the West European allies, advocating as a whole a political solution to the problem, etc. In general, the United States has been unable to win support for its policy line from potential allies in the region--Argentina, Venezuela and Colombia.

The "initiatives" the United States set forth for the purpose of exerting political pressure on Nicaragua, such as the creation of a "Central American democratic community," the attempts to revive the "Central American Defense Council" (CADC), the "Caribbean initiative" and others, failed in the first half of the 1980's. Economic sanctions, attempts to destabilize the Sandinista government and to achieve its isolation in the international arena, and the creation and arming of a counterrevolutionary army of 15,000 men to fight a "secret war" were characteristic of U.S. policy toward Nicaragua from 1981 to 1984.

The advocates of a hard line in relations with Nicaragua, who believe that military intervention is the only solution, became more active in the United States at the end of 1984. Reagan demanded changes in the "existing structure" of the Sandinista government, and G. Shultz spoke frankly about the need for "a fundamental change in Nicaragua's behavior in four areas: the severance of relations with the USSR and Cuba and the removal of foreign military advisers; the substantial reduction of armed forces; the curtailment of support for the rebel movement in the subregion; participation in national politics by the armed opposition. Furthermore, Shultz stressed that the United States did not care how this would be done--through negotiation or through "the fall of the Sandinista regime."<sup>6</sup> The doctrine of "low-intensity conflicts" (anti-partisan actions and police operations like the invasion of Grenada) was elaborated specifically for this purpose and was aimed primarily against Nicaragua.

Public opinion in the United States, however, was extremely critical of these plans: According to one survey, 75 percent of the Americans expressed the opinion that the White House should be more cautious in the use of military force, and only 17 percent favored the more active use of U.S. armed forces abroad.<sup>7</sup> When the use of armed forces abroad was subsequently debated in the United States, G. Shultz and C. Weinberger had to take public opinion into account and advocate their use in the most extreme cases.<sup>8</sup>

As THE ECONOMIST reported, "the American public fervently wished to prevent 'another Cuba,' but had an even stronger desire to avoid 'another Vietnam.'"<sup>9</sup>

In October 1984 the Congress approved the allocation of 14 million dollars for the "contras," but "froze" the funds until February 1985. On 12 June 1985 the House of Representatives voted for the allocation of 27 million dollars in "strictly non-military aid" to the contras between June 1985 and April 1986.<sup>10</sup>

In January 1985 the United States unilaterally broke off talks with Nicaragua in Manzanillo and then refused to accept the ruling of the International Court in The Hague on the curtailment of the White House's support of armed actions against Nicaragua.

In May 1985 the United States announced an economic blockade of Nicaragua with the aim of creating economic difficulties there, arousing the dissatisfaction of the masses and thereby exerting stronger pressure on the Sandinistas. In a secret message to the Congress that was later made public, the administration asserted that the only alternative to "contra" pressure on Managua was the more costly policy of deterring Nicaragua with the United States' own forces. The White House warned that the direct use of U.S. military force "should be realistically acknowledged as a possible option if other alternatives should fail."<sup>11</sup>

As a result of concerted pressure on the legislators, the House of Representatives authorized the President to send troops to Nicaragua if the life and property of American citizens should be threatened, if Nicaragua should import Soviet fighter planes or in response to the taking of hostages and other forms of "terrorism." The administration was not authorized, however, to send troops to Nicaragua on the pretext that the Sandinistas were supporting partisans in neighboring states.

Heated battles broke out in the Congress in 1985 over the allocation of funds for "humanitarian" aid to the "contras." The Senate eventually approved the plan by a vote of 53 to 46. The House of Representatives voted against it (248:185). According to the American press, the "contras" constantly received funds from the United States through private channels. The American special services alone spent around 500 million dollars on subversive activity against Nicaragua from 1982 to 1985. The victims of the U.S. policy of state terrorism were 12,000 Nicaraguans, most of whom were civilians.

In 1986 the Reagan Administration made a considerable effort to win congressional approval of aid to the "contras" in the amount of 100 million dollars. In contrast to the Senate, the House of Representatives denied the administration's request, and it was sent to a congressional conference committee. After "forcible pressure" and unprecedented propaganda efforts, the matter was put to another vote. The House approved the administration's request by a vote of 221 to 209 on 25 June 1986. The Senate made a similar decision in the middle of August. In this way, the aggressive U.S. actions against the revolutionary republic actually ceased to be an undeclared war. The congressional decision is comparable to the notorious Tonkin Resolution that led to the broad-scale war against Vietnam.

The United States chose Honduras as the bridgehead for aggression against the Central Americans. In essence, this country has become a U.S. military barracks, and this could make it the detonator of an armed conflict between neighboring states. The United States has established a diversified network of bases, depots and various installations of the military infrastructure in direct proximity to the Nicaraguan border with the aim of organizing and conducting broad-scale operations against revolutionary Nicaragua.

In El Salvador the United States also intends to "teach a lesson" to all progressive forces in the region and to use military force to solve the burning problems of this republic. Resorting to the tactic of "democratization" through militarization, Washington is interfering in this country's internal affairs to retain its pro-imperialist puppet regime. The administration spent around 2 billion dollars on the military suppression of the revolution here from 1980 to 1985. Punitive actions killed more than 50,000 inhabitants and forced 500,000 (around 10 percent of the population) to emigrate.

Washington is flagrantly interfering in Guatemala's internal affairs and is pressuring the Cerezo government to force it to take part in the White House's anti-Nicaraguan actions.

The U.S. policy of state terrorism in Central America is being resolutely opposed by progressive forces in the region. This is reflected in the activities of the Contadora group, the members of which are Mexico, Panama, Colombia and Venezuela.<sup>12</sup> The formation of the group of supporters of the Contadora process in conjunction with Argentina, Brazil, Uruguay and Peru, their deeper and broader contacts with the socialist community and their heightened activity in the struggle for peace and disarmament are important factors improving the international atmosphere. The Contadora process is evidence of the Latin Americans' growing wish to take the future of the sub-region into their own hands and jointly resist imperialism's infringements of

their sovereignty and independence. The principle lying at the basis of the activities of the Contadora group and the support group is that the crisis in Central America should be settled politically by the Latin Americans themselves.

From the very beginning Washington has been fighting against the Contadora group, which drafted an "Act of Peace" for Central America in September 1985. The White House verbally supported the "Act of Peace," but then took action to use this document for selfish purposes. Washington simultaneously tried to modify the activities of the Contadora group and weaken its positive initiatives.

A new version of the "Act of Peace" was drafted with the aid of the support group in September 1985, and some of the demands of Honduras, Costa Rica and El Salvador were taken into account in the document. The changes, however, were inconsistent with the main purpose of the agreement--to guarantee the equal security of all countries in the subregion. The obstructionist position of Washington and its allies blocked the Contadora process once again. The foreign ministers of the Contadora group and support group met on 11-12 January 1986 in Caraballeda, near Caracas, to seek a solution. They also had several other meetings later.

The policy of the United States in the region is supported only by El Salvador, Paraguay and Chile. This was confirmed in February 1986 when Secretary of State G. Shultz met with the foreign ministers of the "Big Eight" to inform them of the White House's point of view on the events in Central America. Shortly afterward, the OAS adopted a resolution on the need to restore democracy in Chile as quickly as possible and to reinstate Cuba as a member of the OAS.

At the end of May the presidents of Guatemala, Honduras, Costa Rica, El Salvador and Nicaragua met in the Guatemalan town of Escuinapas for the first time in 20 years to discuss their problems without U.S. participation.

In May 1986 the Pentagon prepared a document alleging that the signing of a peace treaty would only escalate tension in the region and that this could require broad-scale intervention by the United States in the future. The Sandinistas, according to the Pentagon, would not abide by the treaty.

A conference of foreign ministers in Panama on 6 June 1986 did not produce the anticipated results. Then the Contadora group proposed another compromise version of the "Act of Peace" on 7 June. Nicaragua expressed approval of a settlement based on this document.

In August 1986 the Nicaraguan Government reaffirmed its commitment to the Contadora process and agreed to conduct talks with interested parties to negotiate the final draft of the "Act of Peace" and to sign it on 15 September 1986, on the day the Central American countries won their independence.

But the United States ignored this appeal.

Its past and present policy in Central America is a policy of aggression and expansion. This policy is futile.

It was stressed at the 27th CPSU Congress that "the policy of total hostility and military confrontation has no future." "We want a more active collective search for ways of resolving conflicts in the Near and Middle East, in Central America, in southern Africa and in all turbulent parts of the planet."<sup>13</sup>

The policy of U.S. imperialism in Central America is dangerous. In today's world, the retention of a seat of military conflicts in any region actually threatens world peace. Central America's problems will be solved when American imperialism's acts of aggression against the people of this subregion stop.

#### FOOTNOTES

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## CANADIAN-SOVIET INTEREST IN NORTHERN AREA DEVELOPMENT

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 86  
(signed to press 19 Nov 86) pp 51-62

[Article by A. I. Cherkasov: "Canadian Experience in Northern Development"]

[Text] Our planet, with its rapidly contracting "per capita dimensions," is becoming more and more crowded. Most of the industrial countries are already experiencing an acute shortage of many energy resources and industrial raw materials and of such elementary resources as water and even air (it is known that industry in the United States and Western Europe uses much more oxygen than their vegetation "produces"). The industrial overloading of the environment has reached dangerous levels in many parts of today's world, and this is the reason for the increasing value of "territorial resources," or territory available for economic development.

Few countries have sufficient resources of this type today, and Canada occupies a leading place among them along with the USSR. The undeveloped northern territories of both states are similar not only in their huge size and the structure of their resource potential, not only in their physico-geographic conditions and not only in their economic-geographic status in the system of economic ties of each country, but also in the main types of economic activity being conducted or being planned here (the exploitation of Arctic oil and gas resources and deposits of ferrous and nonferrous ores, hydraulic power construction work on permafrost, the laying of pipelines, the construction of lengthy railways and highways, etc.). These activities are being conducted in similar natural-climatic conditions and demand the resolution of many of the same technical and economic problems. In connection with this, the Canadian experience in northern development is of considerable interest to us in view of the importance of the objective set by the 27th CPSU Congress: "the inclusion of the most effective northern natural resources in economic turnover."<sup>1</sup> Cooperation in northern development is one of the most important aspects of the expansion of Soviet-Canadian relations, and a discerning analysis of the Canadian experience in northern development and the use of its positive features in the development of Siberia and the Far East in the USSR represent one of the most important areas of our cooperation.

The mutual interest of the USSR and Canada in the experience in northern development in each of these countries--"neighbors across the North Pole"--led to the development of Soviet-Canadian cooperation in the Arctic and the

north in the 1980's, an important milestone of which was the visit to the USSR by a Canadian governmental delegation in May-June 1986. The delegation visited the Yakut ASSR, the Chukotskiy Autonomous Okrug and Sakhalin Island. The head of the delegation, then the federal minister of Indian affairs and northern development, D. Crombie, underscored the productivity of the visit and described as "a trip that comes only once in a lifetime."

#### New Phase of Economic Development

Canada's position in the capitalist world is unique: No other developed capitalist country has territorial resources as vast and rich as the Canadian north. The underdeveloped northern regions occupy around 7 million square kilometers, or 70 percent of the country, and have a population of only 350,000, or less than 1.5 percent of the population of Canada. Furthermore, the far north, the two federal territories (Yukon and Northwest) located north of the 60th parallel, have an area of 3.9 million square kilometers and a population of only 75,000 (1986). These territories have tremendous and far from completely prospected quantities of natural resources--deposits of oil, natural gas, coal, asbestos, ferrous and nonferrous ores and considerable hydraulic power potential.

The energy crisis in the capitalist world, which became quite severe in the 1970's, made the quicker development of northern oil and gas resources more necessary and led to the reassessment of the profitability of their exploitation. Under the influence of several factors connected with the energy crisis and changes in the international situation, the Canadian Government's energy policy underwent radical changes in the 1970's. The need to stimulate the development of new sources of energy, especially oil and gas deposits in the far north, was acknowledged.

Following the discovery of large oil and gas deposits in the Mackenzie River delta and on the islands of the Arctic Archipelago in the beginning of the 1970's, when known oil deposits in Canada's developed regions were being depleted, the oil companies became much more active in the north. Expenditures here just between 1971 and 1975 represented more than half of all expenditures in Canada--1.273 billion dollars--or triple the amount spent in the previous 24 years (415 million dollars from 1947 to 1970).

Expenditures on government-stimulated drilling on federal lands (the continental shelf in addition to the far north) in the 1980's were already calculated in billions of dollars (Canadian dollars--Ed.): 1.2 billion in 1981, 1.6 billion in 1982, 1.8 billion in 1983 and 2.4 billion in 1984. From 1970 to 1981, 24 gas deposits, 10 oil deposits and 4 oil and gas deposits, the precise resources of which are still unknown, were discovered just in the far north.<sup>2</sup>

During the oil crisis of the 1970's there was such a strong incentive to develop the oil and gas industry in the north and to invest huge amounts of capital in this development that many researchers regard the process as irreversible. In the middle of the 1980's, as we know, world prices of oil and some other raw materials declined sharply, reflecting their relative over-production and the reduced demand for petroleum products. In order to secure

the interests of national economic development and the future profits of oil and gas companies, the bourgeois government assisted in the development of northern oil and gas resources to help the companies "hold out" until their first profits and to lighten their burden of colossal initial capital investments.

Whereas the large-scale exploitation of northern oil and gas resources is still a future (but not so distant)<sup>3</sup> undertaking, the mining industry in the northern regions is already playing a perceptible role in the Canadian economy. By the beginning of the 1980's, prior to the economic crisis, the north as a whole already accounted for more than one-fifth of the total product of the Canadian mining industry. It accounted for more than 70 percent of all iron ore (Labrador), 60 percent of the lead (far north), 25 percent of the nickel (Manitoba), 30 percent of the zinc (far north and Manitoba), 97 percent of the tungsten (Yukon), 35 percent of the uranium trioxide (Saskatchewan) and a sizeable portion (10 to 20 percent) of the gold, silver, copper and asbestos. The mining industry in the far north has been distinguished by particularly rapid growth. The value of its output increased 23-fold from 1965 to 1981 (from 32.7 million dollars to 758.4 million), and its percentage of the Canadian mineral output (excluding oil and gas) almost quintupled (from 1.9 to 8.7 percent). It is true, however, that the crisis in the Canadian mining industry, which grew severe in 1982 and 1983, slowed down northern development: Several mines were closed temporarily (and many are still closed today).

The companies engaged in the exploitation of northern mineral resources encountered a substantial rise in production costs. Their proportional expenditures on materials, energy and fuel in the mining industry in the far north are almost twice as high as the national average. Material expenditures in the mining industry in the far north rose from 41 to 52 percent of the value of output between 1974 and 1977, whereas the Canadian average rose from 24 to 28 percent.<sup>4</sup> There has been a more dramatic rise in the cost of geological prospecting here. It costs 45 times as much to drill a single exploratory well and 25 times as much to drill a single meter in the far north as in the country's main oil-producing province--Alberta.<sup>5</sup> In view of these high costs and the need for exceptionally large capital investments in the development of the infrastructure, companies are not always willing to take the risk of exploiting northern resources without government assistance.

It is now obvious that the scales and distinctive features of northern development in Canada demand not just the simple calculation of possible profits in the next few years, but the consideration of the overall economic and social impact of capital investments on the development of the entire region and even the entire country, and over the long range. This is the reason for the government's active involvement in northern development. On the one hand, it is striving to alleviate the financial difficulties of the companies operating in this region and, on the other, it is making some effort to coordinate these actions and organize them efficiently, to bring them in line with national (as the ruling class sees them) interests.

#### Goals and Forms of Government Involvement

There is no question that the government, just as private firms, expects a direct return on its "northern" investments (in the more distant future).

At the same time, all of the initial unprofitability of northern development has been assumed by the government, although the companies operating here include such giants as Cominco or Falconbridge, which could certainly also afford to take a temporary loss with the expectation of future compensation.

It is obvious that the expectation of a direct return in the future is far from the government's main motive for participating in northern development. The prospects for economic development in the north and the entire country as a whole are of much greater significance. Understandably, the actions of the capitalist government differ qualitatively from socialist planning and ultimately reflect the desire of monopolies to use the government budget to transfer the burden of the more or less "harmonious" development of the capitalist economy to the taxpayers, to transfer the financial risk of lengthy projects to them. The government does not make investments specifically for the sake of profit, but to stimulate the activity of private firms. This is even more true of the government financing of the development of the infrastructure (especially the transportation network) in the northern regions. In some cases the government has established its own enterprises or joint government-private companies.

Usually, however, the government prefers to operate within the bounds of programs of assistance to private mining companies. This usually takes the form of direct subsidies for firms engaged in the extraction and, in particular, the prospecting of minerals. At the same time, according to a report of the Ministry of Indian Affairs and Northern Development, published in 1985, whereas the government's contribution to northern development in the past consisted mainly of covering only part of the production costs and all of the costs of the infrastructure, including purchases of the stock of venture firms, in recent years there has been a "tendency toward the assumption of a higher percentage of direct expenditures by the government and (or) their complete coverage with government funds."<sup>6</sup>

There has also been a rapid increase in the size of the federal grants to the local government agencies of the two northern territories, a large portion (up to 20 percent) of the budget of which is used for the stimulation of economic development, primarily through various forms of assistance to private companies. Whereas the grants totaled 32.5 million dollars in fiscal year 1969/70, the figure was 335.7 million in FY 1981/82 and it had already reached 450 million in FY 1983/84. In FY 1983/84 the grants were equivalent to 73 percent of the Northwest Territories budget and 59 percent of the Yukon budget--6,400 dollars per inhabitant of the far north.<sup>7</sup>

Tax privileges are another method of government assistance to private companies and were widely used prior to the middle of the 1970's. Mining firms in the north were exempt from taxes for 3 to 5 years after their enterprises began operating; the exploitation of deposits "near depletion" reduced taxable profits by a third. Besides this, the government relaxed the leasing terms of oil-bearing lands in the north. In addition to playing a positive role in the accelerated development of the northern economy, this method of stimulation had negative consequences because it established the conditions for the "cheap sale" of Canadian resources for foreign companies, primarily American ones.

Besides this, it indirectly encouraged the practice of "skimming off the cream": For example, during the first 3 years of the exploitation of the largest lead and zinc mine in the Canadian north, in Pine Point, during which the profits of the company owning the mine were exempt from taxation, the company deliberately worked only the richest part of the ore body (deriving maximum profit), reducing the future profitability of the mine.<sup>8</sup>

In the 1970's the terms of leasing in the north were subjected to considerable criticism and revision. The new leasing regulations announced by the government in 1978 envisaged preferential terms only for the government's own oil company, Petro-Canada. By 1982 it already controlled 207,000 square kilometers of the most promising territories of the far north in terms of oil and gas deposits.<sup>9</sup>

In 1974 the initial 3-year exemption from taxes and the "depletion allowance" were disallowed. On the other hand, the taxes on the profits of Canadian mining companies began to be levied on their income before the payment of provincial taxes, and not after (as in the past).

The last fact is of particular significance in the stimulation of the mining industry in the far north (and only in the far north), because it puts it in a more advantageous position than the mining industry in the country's southern regions and even in the mid-north, the territory of which is not directly subordinate to the federal government but is part of provinces whose mineral resources, according to the constitution, are under the jurisdiction of provincial governments. Therefore, a company working a deposit in one of the federal territories in the far north and a company located within a province now pay the same federal taxes on the same income. The latter, however, also has to pay provincial taxes. It is clear that the former is in a better position, and this is supposed to serve as partial compensation for its more difficult "northern" conditions of production. As a result of this (and of the changes in tax legislation in 1983), all types of taxes on the exploitation of a new mine discovered in the Northwest Territories in November 1983 would be equivalent to 22 percent of income, and the figure in the Yukon Territory would be 26 percent, whereas, for example, it would be 31 percent in Quebec, 33 percent in Newfoundland, 36 percent in Manitoba and 40 percent in Ontario and British Columbia.<sup>10</sup>

In this context it is also significant that under the conditions of the aggravation of federal-provincial relations in the 1970's and early 1980's, the federal government had an interest in moving raw material sectors (especially the oil industry) to the far north, to the territory completely under its jurisdiction. The National Energy Program announced by the federal government in October 1980 (and supplemented in 1981 and 1982) envisaged, in addition to measures intended to strengthen the national sector in the oil and gas industry and the government regulation of this sector (including 25-percent participation by Petro-Canada in future new oil and gas enterprises on federal lands), the introduction of a system of incentives for oil and gas drilling on federal lands, and primarily for corporations under Canadian jurisdiction. Firms were to be partially compensated by the government for their prospecting costs according to special rates putting Canadian companies operating in the

north in a much more advantageous position (up to 80 percent of their expenses were compensated in the far north, whereas no more than 35 percent were compensated on provincial lands). In 1982 the government compensated companies for a billion dollars of the 1.6 billion they had spent on oil and gas exploratory drilling on federal lands.<sup>11</sup>

#### Government Expenditures on Canadian Far North

<u>Expenditure items</u>	<u>Millions of dollars</u>			<u>%</u>		
	<u>1973/74</u>	<u>1983/84</u>	<u>1985/86</u>	<u>1973/74</u>	<u>1983/84</u>	<u>1985/86</u>
Transportation and communication	82.7	181.7	221.5	23.5	14.0	14.5
Economic development	30.6	158.6	162.9	8.6	12.3	10.6
Research	17.7	27.2	31.1	5.0	2.1	2.0
Federal offices	78.8	314.9	382.2	22.3	24.3	24.9
Education	41.4	125.9	152.1	11.7	9.7	9.9
Public health	26.8	152.4	190.6	7.6	11.8	12.4
Social security	39.0	203.8	241.0	11.0	15.7	15.7
Culture and tourism	6.5	32.9	44.4	1.9	2.5	2.9
Local government	15.8	45.7	56.4	4.5	3.5	3.7
Military expenditures	13.9	52.7	51.2	3.9	4.1	3.4
Total	353.2	1295.8	1533.4	100.0	100.0	100.0

Source: "Annual Northern Expenditure Plan 1985-1986," Ottawa, 1985, p 15.

Government expenditures on the northern territories increased 3.7-fold (see table) in 10 years (from FY 1973/74 to FY 1983/84). With an adjustment for inflation (9.5 percent a year on the average from 1973 to 1983 and 4.3 percent in 1984), this is equivalent to a real increase of 1.6-fold in annual expenditures. As D. Crombie, who served as minister of Indian affairs and northern development from 1984 to 1986, noted in a policy planning document, "policy guidelines in the north are changing as the government and the native population are influencing northern development more by acquiring greater authority and increasing the responsibilities of government.... It is possible that financial dependence on the south will increase significantly in the next decade." Although Crombie advised (in line with the Mulroney government's declared intention to decentralize authority and enhance the role of the private sector) a search for sizeable sources of financing for northern development on the local level, he admitted that "even if we approach this search for funds with extreme optimism, the territories will still require large grants for a long time in the next century.... Not one of the social or economic problems facing industry in the north can be solved without the help of the government, industry and other groups interested in northern development."<sup>12</sup>

#### Problems of Coordination

More than half of the government expenditures on the far north are now made through territorial agencies financed by, and under the jurisdiction of, the

Ministry of Indian Affairs and Northern Development in the Yukon (19.8 percent of all planned government expenditures in FY 1985/86) and Northwest (42.4 percent) territories. The remaining sums were allocated directly by 22 federal ministries and agencies and were calculated in the government program for FY 1985/86<sup>13</sup> at 694.8 million dollars, with 17.5 percent to be paid out by the Ministry of Indian Affairs and Northern Development, 16.7 percent by the Ministry of Transport, 16.2 percent by the Ministry of National Health and Welfare, 8.7 percent by the Ministry of National Defense, 5.1 percent by the Ministry of Public Works, 7.4 percent by the Ministry of the Environment, 5.4 percent by the Royal Canadian Mounted Police, 6.9 percent by the Ministry of Employment and Immigration, 3.2 percent by the Ministry of Fisheries and Oceans, 3 percent by the Ministry of Energy, Mines and Resources, and the remaining 9.9 percent by 12 other agencies.

Therefore, most of the expense of financing the programs of northern development is the responsibility of the Ministry of Indian Affairs and Northern Development, which was established in 1953 and acquired its present name and organizational structure in 1958. In addition to northern development, it is in charge of programs for national parks and "Indian and Eskimo affairs"; the last program includes measures connected with the development of the north (the economic development funds for Indians, including northern tribes, and Eskimos), and with the investigation of the unresolved problems of the "territorial claims" of the Canadian native population, most of which apply to northern territories.

The ministry's activities in the north are conducted, according to its official objectives,<sup>14</sup> primarily in three areas:

The formulation of the fundamentals of northern development policy and the compilation of the necessary programs. This includes the coordination of the work of various agencies in the north and participation in the compilation of regional and departmental programs pertaining to economic, social and other matters;

Resource and general economic "plans for the north," with a view to the balanced development of the northern economy. The exploitation of deposits of oil, natural gas, other energy sources and non-fuel crude minerals is the focus of attention;

Environmental protection. Here priority is assigned to the efficient use of renewable resources and land in the north, especially in regions inhabited by the native population.

The activities of all ministries and agencies involved in programs of northern development are coordinated by the ministry's advisory committee on northern development, the members of which are representatives (deputy ministers) of 22 ministries and the presidents of 4 government companies and agencies: the National Energy Board, the North Canadian Energy Commission, the Northern Transportation Company and the Canada Mortgage and Housing Corporation. The committee represents a group of special commissions in charge of specific aspects of northern development: transport, science and technology, industry

and employment. Their work is coordinated by the commission for government policy in the north, the members of which represent all 26 agencies. The chairman of the advisory committee is the deputy minister of Indian affairs and northern development.

The common opinion in the Canadian business and academic communities is that the ministry is ineffective and too bureaucratic. This is apparently connected with the fact that the actual industrial development of northern resources is being conducted primarily by private firms, most of which are branches of American transnational monopolies; the few government companies operating in the north are engaged mainly in securing favorable economic conditions for the activities of these firms (geological prospecting, mapping, other types of investigative activity, and the development and operation of the transport and power networks) and in housing construction, and usually through private subcontractors.

Nevertheless, the idea of creating a single body of this kind to coordinate northern development and secure a special, regional approach to the organization of the northern economy, which is developing under exceptionally specific conditions, is completely sensible; it is quite another matter that the decentralized capitalist economy robs it of most of its meaning.

Even now, however, at a time when truly broad-scale physical production in the far north is just starting and most of the capital invested in the local economy is still connected only with preparations for production and with the creation of an infrastructure, the government's role in economic activity in the northern territories is important enough. The total capital invested in the far north is several times in excess of the value of its economic product, and almost three-fourths of the capital entering the territories comes from the government.

Provincial governments are also involved on a lesser but still quite perceptible scale in the development of "their" northern territories. This takes the form of special projects for the development of the production and social infrastructure.

The government of Quebec is distinguished by the most independent and extensive activity in the north of its province. Its goal is the "Quebecization" of these regions, which are extraordinarily rich in minerals and hydraulic power resources and which occupy 70 percent of the area of the province (with less than 1 percent of its population) and were economically and culturally related more closely to "English" Canada until the 1970's. The coordination of regional development here is the responsibility of an interdepartmental office of planning and development, which was established in 1969 and issues grants to regional development councils in 10 regions in the province, four of which make up the north of Quebec. The budget of the office increased from 62.3 million dollars in FY 1982/83 to 74.6 million in FY 1983/84, not counting an additional 130-140 million dollars annually allocated for regional development needs by eight provincial ministries.<sup>15</sup> The leader among them (86.7 million dollars in FY 1983/84) is the Quebec Ministry of Energy and Resources. The general directorate of northern Quebec is under its jurisdiction. The

Quebec Office of Planning and Development coordinates its northern activities closely with the work of another interdepartmental organization--the secretariat for the coordination of government activity among the Indians and Inuits (Eskimos), under the direct jurisdiction of the premier of the province.

The governments of Saskatchewan, Manitoba and Ontario also have their own ministries of northern affairs, and in Alberta this role is performed by the northern development board of the Ministry of Small Business and Tourism. Therefore, attempts are being made in Canada, as far as this is possible in a capitalist country, to secure the coordination of the actions of government establishments and private firms in northern development by creating regional administrative bodies.

On the provincial level, several large government companies (belonging to the governments of provinces) were founded in the 1970's for the exploitation of mineral and energy resources. These companies, just as the federal Petro-Canada, have a primarily "northern orientation"--that is, they operate in regions where the infrastructure is too weak, the necessary capital investments are too large and the financial risk is too great for private companies to "overcome" (or even to want to). These are the Saskatchewan Mineral Development Company, participating in the exploitation of the largest uranium mining enterprise in the capitalist world, Key Lake in northern Saskatchewan; Alberta Energy, securing direct participation by the government of Alberta in the exploitation of oil-bearing sand in the north of the province; Societe de development de la Bay James, in charge of the comprehensive exploitation of hydraulic power, mineral and timber resources in the vast territory of north-western Quebec, including the construction and operation of the largest GES series in Canada on the rivers flowing into James Bay. Just as the government companies operating in the far north, these firms are the pioneers building the infrastructure in the regions to be developed.

#### The Development of the Production and Social Infrastructure

As the data cited above indicate, most of the government expenditures in the north (especially in the far north--see table) are being used for the development of the production and social infrastructure, including various forms of services for the population. In this way, the firms operating here are relieved of the expenditures that are the most burdensome and slowest to recoup and represent the main reason for the higher cost of production in the north.

Transport construction, which has been almost exclusively financed by the government since the beginning of the 1960's, is distinguished by particularly broad scales. The development of transport in the north is far ahead of the development of the main industries. Roads are often built without being attached to a specific populated point--they lead simply to a "resource region" and are designed for the future. One road of this kind is, for example, the highway which was built in Quebec in 1966-1970 between Villebois and James Bay, where large-scale hydraulic construction later began (in the middle of the 1970's). Another "road designed for the future" is the 725-km Dempster Highway built in 1979 in the Yukon Territory, connecting the south of this

territory with the Arctic coast; the now little-used highway could play an important role in the exploitation of oil and gas and other resources in the northern Yukon in the future. This is the characteristic approach to highway construction.

As a result of this government policy, the development of transport in the Canadian north as a whole is far ahead of the development of the main economic sectors. The construction of "resource trunk lines," which might have seemed economically inexpedient at first, provides strong momentum for territorial development; as a rule, it is financed by the government. On the other hand, the construction and operation of obviously profitable and highly specialized trunk lines (for example, the almost completely automated railway on the Labrador peninsula, where the cost of transporting ore is half as high as the Canadian average) are usually controlled by private firms. This is the unique system of "division of labor" between private capital and the government in northern development.

The government is striving to alleviate the conditions of activity by private companies in the north in another way as well, by financing the creation of an energy base in these regions. The private firms engaged in power engineering construction receive government assistance in the form of scientific and technical information and financial resources--especially in cases when the energy will be used not only by the facilities of the firms but also by other local consumers. In the far north, where electricity production costs are quite high, the construction of most electrical power plants is financed completely by the government.

Finally, in the last two decades the government has been assuming more and more responsibility for the development of the social infrastructure in northern territories. Whereas local settlements were established as "company towns" during earlier stages of development, most of the housing, cultural and consumer construction is now being financed by the government or with its assistance.

The development of the social infrastructure in the Canadian north in recent years has been regarded as the main method of solving the manpower shortage and, above all, reducing the rate of personnel turnover. The development of industry in the north has not been accompanied by permanent settlement in these territories. An increase in wages actually reduces the stay of temporary workers in the north. For this reason, both employers and the government are attaching the greatest importance to the improvement of cultural, consumer and housing conditions in their efforts to establish the necessary labor force in the northern regions. The federal program of housing construction, providing for the extension of long-term loans to private builders, is playing an important role in stabilizing the most "reliable" segment of the labor force--family men.

The government is taking an active part in the development of a network of settlements (most of them small, with from 2,000 to 5,000 inhabitants), which, just as the transport network, are created before the start-up of industrial enterprises and are equipped with all urban conveniences and with trade,

cultural, athletic and amusement facilities. Furthermore, in recent years most of the new settlements have been built in line with urban planning designs specifically intended for the north.

It is significant, however, that neither the government nor the leading companies involved in the development anticipate the mass settlement of the Canadian north. Technical progress and heightened labor productivity will minimize manpower requirements. Temporary tours of duty and assignments are widely used methods of organizing the work and require the attraction of manpower to the north for only short periods of time.

In spite of the government's attempts to stimulate the development of the processing industry and other economic activity to increase the number of branches in the northern economy, there has been perceptible diversification of this economy. The opposite is more likely in the far north. The improvement and lower cost of transport connections with the south, technical progress in transportation, construction (the use of light-weight prefabricated structural elements) and the food industry (the improvement of canning methods) and other factors have led to a situation in which the products of northern industry cannot compete with materials shipped in from other parts of the country. This is reducing the already negligible share of the local market of the processing industry and the fishing industry and nullifying the economic potential for the development of the timber industry and agriculture. Therefore, in spite of the official objectives of regional development in the north, the local economy is specializing more in products wholly for export. This, in turn, is complicating the comprehensive development of the territorial economy and perpetuating the status of the territories as a raw material appendage of the southern regions.

There is still no reason to believe that these tendencies in the development of the Canadian north will give way in the near future to tendencies toward the diversification of the economy and the mass permanent resettlement of Canadians in the north. Population growth in the far north in the next few decades will apparently be primarily the result of the natural increase in the native population--the Indians and Eskimos who represent around half of the population. The exploitation of crude resources for export without any extensive settlement of the territories is the plan for the development of the Canadian north at this time.

The intelligence of this plan under the conditions of the unstable northern economy with its frequent crises is a complex and controversial matter and probably cannot be decided categorically. In any case, the purposeful development of the infrastructure with government funds and other measures of government economic regulation can only make slight adjustments in the development of the northern territories. Radical changes--in the direction of the balanced development of the northern economy and the guarantee of a high quality of life for its permanent inhabitants--do not seem possible within the near future or under present socioeconomic and political conditions, because this would require a degree of government intervention in economic development that would be far beyond the capabilities of the capitalist government.

The need for this kind of intervention is becoming increasingly evident, however, in connection with the inevitable new surge of economic activity in the north, which could have irreversible negative effects as a result of the monopolies' contempt for long-range national interests (their rapacious exploitation of crude resources for export, the disruption of the highly sensitive and "fragile" northern ecosystems and the destruction of the hunting grounds of the native population).

#### FOOTNOTES

1. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuza" [Materials of the 27th CPSU Congress], Moscow, 1986, p 317.
2. According to data published in 1984, 16.5 percent of known deposits and 43 percent of potential deposits of oil and 21.5 percent of known deposits and 44.3 percent of potential deposits of natural gas in Canada are in the far north (PETROLE ET ENTREPRISE, 1984, No 10, p 19). The scales of exploratory drilling in the north continued to grow until 1986; 42 wells in 1982, 72 in 1983 and 94 in 1984. According to preliminary estimates, the expenditures of just the private sector on oil and gas drilling on federal lands totaled 2.4 billion dollars in 1985 (PETROLEUM ECONOMIST, 1985, No 11, pp 402-403).
3. The first oil pipeline connecting the far north (the Norman Wells deposit on the Mackenzie River) with the national pipeline network began operating in 1985. This 860-km pipeline (with a relatively low capacity--a diameter of 300 mm) is to be extended to the mouth of the Mackenzie River, where larger deposits have been discovered. Experimental tanker shipments of oil from the Arctic Archipelago (Bent Horn) began in 1985-1986. The exploitation of off-shore gas deposits in the Beaufort Sea and the Mackenzie River delta, requiring the installation of a main, has been scheduled for 1992-1993 (OIL AND GAS JOURNAL, 1985, No 48, p 36).
4. Calculated according to data in "Canada Yearbook 1976-1977," Ottawa, 1977, pp 617, 853, 1020; "Canada Yearbook 1980-1981," Ottawa, 1981, pp 462, 867.
5. REVUE DE L'ENERGIE, No 340, December 1981, p 635.
6. "Le secteur minier dans le Nord: cadre de discussion," Ottawa, 1985, p 17.
7. Ibid., p 7.
8. R. Gibson, "The Strathcona Sound Mining Project," Ottawa, 1977, p 17.
9. OIL AND GAS JOURNAL, 1983, No 7, p 58.
10. "Le secteur minier dans le Nord...," p 22.
11. FINANCIAL TIMES, 17 October 1983. It is indicate that two-thirds of the expenditures on exploratory drilling on federal lands were financed by

Canadian companies attracted to the region by their privileged position. Nevertheless, this section of the energy program, as the one "discriminating" the most against foreign capital, was abolished by the conservative Mulroney government in 1986. The issuance of new grants stopped in March 1986, and obligations already assumed by the government will be paid off by the end of 1987 (PETROLEUM ECONOMIST, 1985, No 11, p 403).

12. "Le secteur minier dans le Nord...," pp 5-7.
13. "Annual Northern Expenditure Plan 1985-1986," Ottawa, 1985, p 9.
14. NORTH/NORD, 1983, No 1, pp 48-49.
15. "Office de planification et de development du Quebec. Report annuel 1983-1984," Quebec, 1985, pp 22-23.

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## EFFECT OF U.S. FOREIGN, DOMESTIC POLICIES ON ELECTION RESULTS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 86  
(signed to press 19 Nov 86) pp 63-66

[Article by N. D. Turkatenko: "The Results of the Midterm Elections"]

[Text] As a result of the elections to the U.S. Congress and to state and local government offices on 4 November, the Democratic Party secured a majority in the Senate for the first time since 1980, winning 55 of the 100 seats. In the last Congress, the 99th, it has 47 seats and the Republicans had 53. In particular, the Democrats took such large and politically and economically important states as Florida and Maryland away from the Republicans.

Paula Hawkins, known for her zealous support of administration policy, particularly such aspects as the war against Nicaragua and the escalation of the arms race, was not re-elected in Florida. President Reagan personally campaigned for Hawkins, going to Florida four times for this purpose. Instead of her, however, Democrat R. Graham, former governor of the state, was elected to the Senate. In Maryland, which had been represented in the Senate by retired Republican C. Matthias, the Republican candidate, former high-level White House staffer Linda Chavez, was defeated. Her opponent, B. Mikulski, whom Chavez accused of a reluctance to "strengthen America's defense," a lack of "real patriotism" and even a "Marxist outlook," received the overwhelming majority of votes. Mikulski criticized the administration's policy, commenting that its economic measures had hurt the country greatly and had resulted in a huge federal budget deficit. She insisted on the need for a constructive approach to arms control issues.

In the House of Representatives, which the Democrats had controlled even before the elections (with 253 seats), they won 259 of the 435 seats.

The Republicans increased their representation, however, in such key state government positions as gubernatorial offices. Prior to the elections the governors of 34 of the 50 states were Democrats and 16 were Republicans, but now the correlation is 26:24.

In the opinion of many observers, the Democrats' attainment of a majority in the Senate and their increased number of seats in the House will not make any radical changes in Congress' position on the main domestic and foreign policy

issues. The election results are assessed here not as evidence of voter confidence in the Democratic Party, but primarily as evidence of voter dissatisfaction with the Republican administration's policies and its most zealous supporters in Congress.

What are the reasons for this dissatisfaction? Many people from both parties have answered this question quite frankly. I will cite the remarks of influential Republican Senator (from Oregon) M. Hatfield, chairman of the Senate Appropriations Committee in the last Congress, as an example. In an article published in THE WASHINGTON POST just before the elections, the senator essentially denied the allegations that the American voters are only concerned about problems affecting their wallets and day-to-day affairs in the state or the electoral district. They are also concerned about much more serious issues and are paying the closest attention to administration policy and to the position taken by members of Congress on the main problems of the United States and the rest of the world. It is precisely from this standpoint that the senator examines the performance of the 99th Congress and concludes that the majority of its members disappointed Americans by following the administration's lead in cardinal issues of war and peace.

I will cite an excerpt from Senator Hatfield's article: "The 99th Congress is important not for what it did, but for what it did not do, what it did not stop and what historic opportunities it missed. I am referring to such spheres as arms control, international law and the elimination of the possibility of U.S. intervention with the aim of expanding conflicts in Central America. History will indisputably remember the catastrophic consequences of the U.S. refusal to take even the slightest risk for the sake of peace by joining the Soviet Union in its moratorium on nuclear tests. Future historians will also wonder why the United States was unable to realize that the new weapons now in the development stage (this is a reference to the BMD system with space-based elements--N. T.) will lead to a new round of the arms race literally tomorrow. After all, if the United States had agreed to stop nuclear tests, these development projects would have remained where they belong--in the laboratories."

If these mistakes in the work of the 99th Congress disturb the Republican senator, they bother the voters even more. This is precisely why the leaders of both parties, especially the Republican Party, and many candidates tried to confine their campaigning to petty and often dirty political intrigues or to discussions of purely local issues.

There have already been so many campaigns in America, but campaigning methods are still a source of amazement. The candidates literally smear their opponents with dirt. In speeches to voters and in expensive television commercials, candidates from both parties had no aversion to outrageous personal attacks on their opponents. "This was an exceptionally disgraceful and petty political campaign," complained R. Goodman, an expert in the organization of campaigns from Baltimore. "Just think what huge amounts of money were wasted on this!" And it is true that campaign spending, according to U.S. NEWS AND WORLD REPORT, exceeded 1984 campaign spending by 70 percent and totaled around 1.2 billion dollars.

President Reagan raced around the electoral districts of more than 20 states to support Republican Party candidates. In his speeches he painted an extremely bright picture of the foreign policy activity of the administration and its supporters in Congress and of the state of the economy. One of the main elements of his speeches was the assertion that the current administration's policy had put the country "back on the road to prosperity" and that Americans were living better now, and for this reason the voters should support Republican Party candidates in their own interest.

Far from everyone agreed with these optimistic remarks, especially the statement that Americans are living better now. A renowned economist in the United States, Professor D. Gordon from the New School of Sociological Studies, revealed in a special study published just before the elections under the original title "The New Class War" that only the rich or the most successful Americans, approximately 20 percent of the population, are living better now, whereas the standard of living of the remaining 80 percent has declined instead of rising. The author of this study cites facts and figures to prove that the main element of administration economic and financial policy is the redistribution of the "national pie" in favor of the richest Americans, as a result of which the real income of the average American family decreased by 5.7 percent between 1980 and 1984, and the number of Americans living below the poverty line increased from 11.7 to 14.4 percent. During the same years the portion of national wealth at the personal disposal of the superrich Americans (1 percent of the population) increased dramatically and now represents around 40 percent.

Other facts and figures published in the last few days have provided eloquent testimony that the health of the entire American economy is not good, that serious economic disparities will lead unavoidably to catastrophic upheavals and that the question is not whether they will occur, but when. The most dangerous problem is the unrestrained growth of military expenditures. Many economists admit that they are the main cause of the chronic federal budget deficits. In the fiscal year ending on 30 September 1986, the deficit, according to official data, was 220.7 billion dollars, or 8 billion dollars greater than the record deficit of the previous year.

The simple truth is, FORTUNE magazine commented, that the country is spending more than it is producing: The U.S. national debt, which must be covered by constant loans within the country and abroad, exceeded the astronomical figure of 2 trillion dollars this year. The interest on these loans alone cost 139 billion dollars in fiscal year 1986, or 3.1 percent of the gross national product. The magazine called this an exceptionally serious threat to the U.S. economy.

The assertions about the administration's "success" in curbing the arms race are just as invalid. During his whirlwind tour of the states, the President announced that he had reached agreements with the Soviet Union at the Soviet-American meeting in Reykjavik, although everyone knows that the American side's position, especially its insistence on spreading the arms race to space, blocked the road to concrete agreements. When the President addressed voters, THE WASHINGTON POST remarked, he resorted to "irresponsible misrepresentation

to achieve his aims." The newspaper remarked with regret: "It is sad to see the President inventing absurdities and passing them off as facts."

In general, the attempts to turn the elections into a political triumph for the administration and its party were unsuccessful. This threw the White House into a state of confusion which is being carefully concealed. Nevertheless, some people there, according to THE WASHINGTON POST, have already expressed the fear that the administration will lose Senate support in such matters as the war being fought against Nicaragua with the aid of the contras and the arms buildup, including the Star Wars program.

As we can see, the elections pointed up the fact that the situation in the country and in Washington's "corridors of power" is neither clear nor simple. The 100th Congress will begin work in January 1987. It will have to deal with numerous organizational matters, including the election of a new speaker of the house to replace the retired T. O'Neill and a leader for the new Democratic majority in the Senate and the appointment of several new committee and sub-committee chairmen in the Senate and House. Heated battles are inevitable because the work of the Congress will depend on the alignment of congressional forces, as will the degree to which it resists the administration's pressure, its legislative initiatives and its requests for appropriations, including those for military purposes, or, on the contrary, the degree and scales of congressional cooperation with the administration.

People here are not nurturing any special illusions about the activities of the 100th Congress, because they cannot discount the authority of the President or the influence of the groups favoring a "strong America," especially the powerful military-industrial complex. Some experts, such as the political adviser to Vice-President G. Bush, even see the Democratic majority in the Senate as something that will help the Republicans more than it will hurt them, because it will be possible to heap all of the blame on the Democrats in the event of the abrupt deterioration of the state of the economy in the remaining 2 years of the Republican administration, and this possibility is certainly not being excluded here.

The extreme rightwing ideologists who have considerable influence in the United States and disguise themselves as preachers of "American values and ideals" cannot be ignored either. Their influence is all the stronger in view of the fact that in addition to their chauvinism, jingoism, religious fanaticism and intolerance of any dissident "values," they also defend real values and advocate a fight against pornography, crime, drug addiction and "free love."

We also should not overestimate the Democrats' desire for any kind of fundamental reforms or any kind of radical revision of the domestic and foreign policies pursued in the last 10 or 12 years, especially since the Democratic Party is still going through a stage of confusion and vacillation. Even the Democrats frankly admit this. For example, Senator B. Johnston (from Louisiana) stressed in a televised speech: "We still have no integral program. We are lost in a maze of debates and have completely lost touch with the public." Besides this, most of the newly elected Democratic senators are

people with extremely conservative views. This will strengthen the position of the conservative Democrats in the Senate, such as S. Nunn, the new chairman of the Senate Committee on the Armed Services. The new chairmen of important committees--on appropriations, budget and finance--will probably also be conservative southern Democrats.

In general, people here believe that the 1986 midterm elections marked the beginning of the end of the "Reagan era," but the most diverse opinions have been expressed with regard to the coming era. As they say, time will tell....

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REVIEW OF TWO WESTERN BOOKS ON NUCLEAR AGE, PEACE MOVEMENT AND FUTURE OF NATO

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[Review by E. V. Demenchenok of books "Thinking About the Unthinkable in the 1980's" by Herman Kahn, New York, Simon and Schuster, 1984, 250 pages; and "European Peace Movements and the Future of the Western Alliance," edited by Walter Laqueur and Robert Hunter, New Brunswick (USA) and Oxford (UK), Transaction Books, 1985, 450 pages: "Admonitions of Militarism's Ideologists"]

[Text] The last book of H. Kahn, the renowned futurologist and nuclear strategist, became something like his political testament. It is directly related by name and subject matter to his controversial work of the 1960's, "Thinking About the Unthinkable," in which he assured readers that nuclear war was supposedly not so terrible and that it would be possible to win it. In this new book, his gloomily optimistic prophecies come full circle. It is also an important book because Kahn's arguments have been taken up by the extreme right wing of American political scientists.

The book purports to be an interpretation of the realities of our time. One of these realities is the peace movement in the United States, in Western Europe and in other parts of the world. Kahn attempts to belittle the demands and slogans the fighters for peace have advanced in the 1980's. The author describes the peace movement as a purely psychological phenomenon, an irrational craze engendered by exaggerated fears of war and by the misconceptions of the uninformed public with no understanding of the subtleties of nuclear policy.

Kahn calls the demand "to stop the arms race for the redemption of mankind" a "nonsolution." He describes it as pure moralizing with no constructive political meaning. The "redemption of mankind" is the job of the church, and not of government policy, the author declares. He does not believe that peace should be the overwhelming value. His argument is a simple case of moral relativism: "It is simply wrong to make any single value overwhelming."

Peace as the overwhelming value, however, is not merely an abstract principle, but a general moral expression of the fundamental and literally vital interests of man and mankind--the preservation of life itself. Keeping the peace--this overwhelming value--in the nuclear age is essential to human existence and the existence of everything else of value.

Kahn also calls the peace movement's demand for a nuclear freeze a "non-solution," because it could allegedly "prevent unilateral measures by the United States or the Soviet Union to lessen the dangers of nuclear war breaking out (for example, through the deployment of more survivable nuclear forces and more accurate warheads)" (p 208). According to this logic, peace can be achieved by continuing the arms race and by developing new types of missiles and warheads, better weapons of war. Kahn's arguments against the freeze are unconvincing, but they do reflect his actual motives for attacking this demand. By calling the freeze "counterproductive," he defends the rapid development of military hardware. In essence, his line of reasoning points up his obsession with technology and his reliance on some kind of "miracle weapon." He and his followers have blind faith in American "technical genius" and expect U.S. technological potential to secure military superiority in the further escalation of the arms race.

Kahn tries to reconcile his inhumane ideas with morality by revising morality itself. He believes that when nuclear weapons are being assessed, "they must be put into a proper ethical context" (p 217). Opposition to militarism is condemned in line with this peculiar "nuclear morality," and the pursuit of militarist aims becomes the "moral duty" of the government. By doing this, Kahn undermines the main human implications of morality, expressed by the voice of reason and the sense of self-preservation and representing the common denominator in the desire for peace of the most diverse social strata and groups.

"European Peace Movements and the Future of the Western Alliance," a collection of articles by H. Kissinger, I. Kristol, W. Hyland and other American and West European theorists with conservative views, contains ideas similar to Kahn's. The authors of these articles all view the issues of war and peace through the prism of the possible use of nuclear weapons as an instrument of military and foreign policy and a means of "unifying NATO" and attaching the West European countries more closely to U.S. policy.

The advocates of the arms race are simultaneously the accusers of all who speak out against it. They regard the peace movement in the United States and Western Europe as a serious hindrance confusing the cards in the Atlantic strategists' game of chance. This movement is the target of attacks by Kissinger and other ideologists of lower caliber.

The article by I. Kristol sets the ideological tone of the book. The renowned theorist of neoconservatism presents an apology for the Reagan Administration's militarist line. He asserts that those who accuse Reagan of reviving the cold war are wrong because the cold war never ended and detente never existed. He states that most Americans are at ideological war with the USSR, a war which will decide the nature of the future world order (p 38).

The conservatives agree with Kahn that the escalation of international tension is "ethically justified." They try to portray confrontation as an objective inevitability, and the efforts to curb the arms race as utopian voluntarism. T. Draper questions the very possibility of nuclear parity and its expediency and denies the need for negotiations with the USSR, especially the SALT talks, which, in his opinion, will never result in a stable balance acceptable to both sides (p 101).

When the authors of this collective work discuss the prospects of the strategy of "deterrence" and "flexible response" and the possibilities of fighting a "limited nuclear war" on the European continent, they are essentially trying to justify the deployment of American missiles in Europe. Kissinger misinterprets the Soviet proposals regarding the elimination of Soviet and American intermediate-range missiles, describes them as a ruse and tries to intimidate Europeans with the "mounting Soviet threat" (p 49).

Kissinger does, however, acknowledge the political influence of the peace movement and its effect on the foreign policy platform of the main opposition parties in the FRG and England. In this way, he ascertains the real conflict between NATO policy and the wishes of the European public.

These books attest to the intense ideological and political struggle in the West between forces for war and for peace in the 1980's.

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## REVIEW OF U.S. BOOK ON STAR WARS PROGRAM

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(signed to press 19 Nov 86) pp 97-98

[Review by A. I. Shaskolskiy (Leningrad) of book "Star Wars: Defense or Death Star?" by Robert M. Bowman, Potomac, Institute for Space and Security Studies, 1985, 136 pages]

[Text] Some of the facts of the author's biography are quite interesting. In 1978 Robert Bowman, a lieutenant colonel at that time, ended a 22-year career in the U.S. Air Force and left the office of director of the advanced military space research program (today this program, with a budget of half a billion dollars, has become the Space Administration of the U.S. Department of the Air Force). The program was essentially one of the initial stages of the research and development that later led to Ronald Reagan's "Strategic Defense Initiative" (SDI). After his retirement, Bowman headed the space research programs of the General Dynamics firm for some time and was the vice president of Space Communications until 1982. With this service record, Bowman then became the president of the Institute for Space and Security Studies, one of the most prestigious opponents of Star Wars in the United States.

The purpose of the book, as the author states in the foreword, is to explain the arms race in space and its possible results. "I hope I will be able to prove conclusively," he writes, "that the Star Wars system, which is supposed to defend ballistic missiles, will not be defensive at all. It will be the 'Death Star' that destroys the planet Earth."\*

The author reveals the virtual impossibility of creating a reliable defensive system, especially with space-based elements. His expert knowledge of the topic helps him. The book contains many diagrams and illustrations graphically demonstrating the groundlessness of the SDI program. The "exotic," cumbersome, costly and ineffective BMD system in the Star Wars plans will be quite vulnerable, and the author proves this with scientific calculations. Any of the several hundred chemical laser stations, each the size of a football field,

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\* The "Death Star" is an artificial planet in the American "Star Wars" film trilogy. It is equipped with fantastic weaponry and destroys the population of the imaginary planet Alderon with a single strike.

could be put out of commission, he writes, by something as simple as a handful of sand, a glass of water or a thimbleful of machine oil: Dispersed across the surface of the mirror, they will diminish the strength of the laser beam (p 23).

Sensors and colossal power supplies will be particularly indefensible, electronics will be vulnerable, and there is no possibility of camouflaging the system in space: It will be visible at all times (p 26). The reliability of supercomplex electronic equipment is still an unsolved problem: The simplest malfunction can cost the life of the entire human race, especially since the instantaneous reaction of the BMD system to a real or imaginary enemy attack excludes the possibility of control and the prevention of the irreparable (pp 7, 13).

But even if the impossible were to be imagined, if all of the technical problems were to be surmounted and the entire colossal system were to work as a single faultless mechanism, and work with absolute precision even the first time, it would still be of no strategic value because, after destroying all ICBM's, it could not guarantee protection from other weapons of nuclear attack--bombers, submarines and cruise missiles (p 29).

The attempts to create the Star Wars system, Bowman writes, could undermine all limitations on strategic offensive arms (p 27). The SDI "will destroy the entire process of arms control, and this will lead to an unlimited race for offensive and defensive arms and will weaken our security to the extreme" (p 53). The author pointedly criticizes the Reagan Administration's dishonest attempts to portray Star Wars as something promoting arms control (p 50).

In his analysis of the problem of safeguarding U.S. security, Bowman proceeds from the new realities engendered by the nuclear space age and adheres to the view that the term "national security" is losing its meaning today because security can only be international (p 81).

Examining all of the variations on the myth of the "Soviet threat" with which the apologists for the SDI "beef up" their arguments, the author reveals the degree to which this mistrust of the Soviet Union is created artificially (p 54). After all, there are no objective factors excluding the possibility of normal relations between the two great powers: "Our real enemy is not the Soviet Union, but nuclear war," Bowman tirelessly repeats (p 81).

The overdramatization of American-Soviet conflicts is one of the staples of arms race propaganda, the author believes. Bowman describes this tactic, based on a mixture of half-truths and big lies, in his book in detail. "The policy of deterrence depends on fear. The American public is being bombarded with distorted facts, exaggerations, speculation and outright lies" (p 54). Bowman speaks at length about the accusations regarding supposed Soviet violations of the ABM Treaty, calling this campaign an attempt to justify the planned U.S. unilateral renunciation of the treaty to the American public (p 56), and he commends the Soviet peace initiatives.

"Arms control agreements have not made us friends," Bowman writes, "but they have confined our competition to a controllable process and have helped to

reduce the cost of this competition, maintain a stable balance between our forces and thereby reduce the probability of war. What more could we ask?" (p 55).

After thoroughly analyzing the technological aspects of the SDI and the apologetic arguments of its supporters, Bowman arrives at a categorical conclusion: "Star Wars is somewhat more than a requirement of deterrence and much less than its possible replacement. Star Wars is much more than the protection of offensive missiles requires and much less than the protection of people requires. There is no reasonable and legitimate reason to carry out this program," Bowman stresses (p 46). Calling the SDI "a program without a clear purpose, without technical substantiation, without strategic validation and without a chance of success" (p III), Bowman warns that it could replace the current fragile stability with uncontrollable instability, could turn mistrust into fear and competition into confrontation, could replace the uncertain future with hopelessness and could turn the nuclear stalemate into a nuclear holocaust (pp 78-79).

We can use outer space either to improve life on earth or to destroy it, Bowman says in summation. The transfer of all scientific and technical personnel, forces and resources to peaceful research and development could put an end to hunger on the planet, secure the improvement of public health care, housing and public transport, create sources of renewable energy, make salt water fresh and the deserts fertile, launch a resolute campaign against environmental pollution and "turn the third millennium into an age of hope and fulfillment for all humanity" (p 85). The international peaceful use of outer space can play a significant role in this process, the author stresses.

Bowman's book is a substantial contribution to the struggle against the space adventurism threatening the peaceful future of countries and people.

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## REVIEW OF SOVIET BOOK ON ROLE OF STOCK MARKET IN U.S. ECONOMY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 86  
(signed to press 19 Nov 86) pp 98-100

[Review by R. M. Entov of book "SShA: Birzha i ekonomika" [The United States: The Stock Market and the Economy] by V. T. Musatov, Moscow, Nauka, 1985, 224 pages: "Fictitious Capital in the Capitalist Economy"]

[Text] The prolonged rise of stocks in capitalist countries during the first postwar decades gave rise to the idea that the stocks of the largest enterprises are essentially "supermoney," because it can be much more lucrative to hold on to stocks than to have money. The tempting prospect of the rise of stock values and the allure of considering oneself to be "one of the owners" of a large corporation have attracted more and more new investors to the stock market: In the 1950's and 1960's the number of individual stockholders rose from 6 million to 31 million. The subsequent disastrous drop in stock values demonstrated the genuine worth of all of the assumptions that stocks in the postwar economy had the miraculous power to increase their value. For example, in the last two decades (1966-1985), the stocks of 500 American corporations (the Standard & Poor's index), adjusted for the reduction of the purchasing power of money, declined in value by 38 percent. Events reaffirmed Lenin's belief that the "democratization" of stock ownership is actually one method of increasing the power of the financial oligarchy.

All of this makes the analysis of the complex stock market mechanism and its role in the contemporary capitalist economy in this new book by V. T. Musatov particularly pertinent. The place of fictitious capital in the capitalist system of accumulation is discussed at length in the book: It is connected with the mediation of the processes of capital concentration and centralization, the distribution and redistribution of profits and the redistribution of national income through the system of government finances. (p 8). Striving for a comprehensive analysis of his topic, the author thoroughly examines the interaction of the securities market with the reproduction of real capital, directing special attention to the variety of ways in which fictitious capital is used in the financial oligarchy's domination of the economy.

Analyzing the postwar evolution of the securities market, V. T. Musatov says that the stock market crisis of the late 1960's essentially signified a crisis in the previous forms of organizing stock market transactions. The privileged

position of the New York Stock Exchange came into conflict with the new alignment of forces in the U.S. credit system. This is attested to by the fact that institutional investors (most of which are large credit establishments) now conduct operations with securities in such huge quantities that they cannot be covered by the resources of specialized stockbrokers (or "specialists") or by borrowed funds. The transfer to nationwide forms of organizing stock transactions is obviously long overdue, but it is being impeded, as the book says, by influential groups of American financiers who derive advantages from the privileged position of the New York Stock Exchange. For this reason, the matter has been confined to half-hearted measures, mainly of a financial-technical nature. The author's analysis of the possible ways of reorganizing the stock market is of great interest. V. T. Musatov argues that the "link-up" of exchange operations and transactions outside the stock exchange in a single communication system will not entail any particular technical difficulties; the slow development of these processes is primarily due to the fierce resistance of stockbrokers and the financial groups they represent.

Under the conditions of imperialism, the very nature of relations between credit and stock market monopolists changes (today any giant bank, in V. I. Lenin's words, is a stock market). This tendency, the author writes, grows more pronounced as capital is concentrated and centralized in the credit system and as investment banks gain more economic power. Noting that today "the role of the stock market could be performed by any large investment banking firm: The supply and demand of its clients preclude the need for 'specialists'" (p 60), V. T. Musatov analyzes the distinctive features of the postwar development of investment banks and the diversification of their operations.

The author's analysis of the alternating processes of the swelling and contraction of stock capital and the effects of long-range trends in economic development and of cyclical factors on stock values is of particular interest. The complex system of interrelations between real capital (as it is defined in K. Marx' "Das Kapital") and fictitious capital is analyzed here with extensive documented information. The author shows how the intermingling and mutual nurturing of the contradictions of the contemporary capitalist economy have affected the securities market. It is no coincidence that the most severe production cuts of the postwar years during the cyclical crisis of 1974-1975 were accompanied by a record drop in the stock market. Musatov makes the interesting observation that the value of securities has fallen so much since the end of the 1970's that the purchase of small lots of stock requires relatively smaller amounts of money; this established the necessary conditions for a new wave of mergers and takeovers and a corresponding redistribution of controlling stock (pp 99-104).

The author's examination of the interaction of the stock market with inflationary processes is also extremely important. He quite justifiably believes that long-term trends in the stock market depend primarily on the movement of real capital, and inflation therefore affects the stock market to the degree that it affects the reproduction of real capital. Inflation can also have an indirect effect on the securities market. For example, owners of stock who want to invest in assets with rapidly rising prices might sell their securities; this process can acquire huge dimensions when colossal amounts of speculative

capital leave the stock market. In general, Musatov concludes that the inflationary rise of prices eventually always causes (all other conditions being equal, of course) the decline of stock values.

This interesting and quite complex--both from the theoretical and from the statistical standpoints--topic cannot be discussed in detail in a review of this length. We will only say that the author's method of analysis and his basic line of reasoning are both quite precise and accurate. Nevertheless, the final conclusions (just as arguments like the following: "This must be the case because the opposite would violate the fundamental connection between the movement of real capital and fictitious wealth"--p 161) might be too categorical. Without going into the details, we will simply say that the contraction and the swelling of fictitious capital have taken place at a time of continuously rising prices. As for the acceleration of inflation, it has had, as economic calculations testify, varying effects on real accumulation and on the stock market during different stages of this process. In the 1950's, for example, mounting inflation was more likely to raise the value of stock than to deter its rise. The implications of the deceleration of inflation are apparently just as ambiguous and as contradictory. In this context, we must say that V. T. Musatov is correct in singling out the high level of real interest rates as the main cause of low stock values in 1983-1984 and in listing the rapid deceleration of inflation as the least important cause (among others). The author does not, however, discuss the nature (and workings) of the reciprocal effect of the growth of fictitious capital on inflationary processes. And since the contents of this book provide eloquent proof that the author is one of the most qualified specialists in this field, we hope that his future research will include a more detailed analysis of the complex interconnection between fictitious capital and inflation.

This new and serious study will enrich our literature on the contemporary American economy. The book has many merits, primarily, it seems to us, the precise discussion of politico-economic problems combined with a thorough analysis of extensive documented information.

V. T. Musatov's work represents a perceptible advance in the study of fictitious capital and new developments in the securities market in the last three decades.

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## REVIEW OF SOVIET BOOK ON MILITARIZATION OF U.S. S&T POLICY

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[Review by N. I. Asoyan of book "Militarizatsiya nauchno-tehnicheskoy politiki" [Militarization of Science and Technology Policy], edited by V. I. Gromeka and V. S. Babintsev, Moscow, All-Union Scientific Institute of Systems Research, 1985, 109 pages: "Distinctive Features of U.S. Science and Technology Policy"]

[Text] The authors of this anthology not only examine the topic from the theoretical standpoint, but also reveal the main features of U.S. science and technology policy and its place in overall U.S. economic policy.

General theoretical and methodological questions concerning the object and goals of science and technology policy, its nature and main components and its objective and subjective factors, which have been researched little to date, are analyzed in detail in the articles in this anthology.

In the 1970's government science and technology policy concentrated on a search for "scientifically sound" means of combating inflation and unemployment, accelerating the growth of production and labor productivity and enhancing the competitive potential of American goods in domestic and world markets. In spite of the fact that the United States invests much larger sums in R & D than the other capitalist states, however, its position in the capitalist world is perceptibly weaker.

The current stage is distinguished by the obvious transformation of science and technology policy into military technology policy. By the middle of the 1980's, the book says, the militarization of R & D reached its highest level in 20 years. The policy of expanding military programs, including those connected with the so-called "Strategic Defense Initiative" that the Reagan Administration is defending so stubbornly, is naturally affecting the status of civilian R & D. In this sphere, the United States has fallen far behind its main capitalist rivals, the FRG and Japan, in the 1980's. The book says that this militarist "slant" in U.S. science and technology policy reflects the degree to which it is influenced by big monopolist capital.

In the 1970's and 1980's, the authors write, the private sector became the largest source of R & D funds. Its share of total R & D expenditures exceeded

the share of the federal government. Data are cited on the "leaders" among the American monopolies investing in scientific research: The main ones are General Motors (2.6 billion dollars in 1983), International Business Machines (2.5 billion) and American Telephone and Telegraph (2.4 billion). It is interesting that all of them occupy a leading position in the U.S. military-industrial complex (p 77).

In 5 years, the Reagan Administration increased expenditures on military R & D from 17.8 billion dollars to approximately 35 billion in fiscal year 1985 (p 82).

The stronger ties between industry and universities, especially in the 1970's and 1980's, are discussed in a separate article. The authors feel that this is largely the result of increasing competition in the high technology market. The article says that the best personnel are being moved from the educational system to business and points up the rapid "commercialization of science." The result, the book stresses, is its reorientation and a strong tendency to assign priority to the needs of business rather than society (p 94).

The technological revolution is contributing to the rapid equalization of the developmental levels of the main capitalist countries, the book says. In spite of the substantial reduction of the "technological gap" between the United States and other developed capitalist countries, however, American state-monopolist capital is still ahead of its rivals in science and technology. The United States is striving to retain its leading position by using the trade in high technology products, patents, licenses and specialized expertise as a means of reinforcing the positions of American monopolies.

The U.S. economic and technological structure has been so overloaded with military expenditures, however, that the United States could lose its leading position in the world capitalist system. V. I. Gromeka, the editor in chief of the anthology, compares the scientific and technical capabilities of developed capitalist countries and describes how American state-monopolist capital uses advanced technology for foreign economic expansion. There is a clear tendency toward the relative failure of the U.S. economy to keep up with other centers of imperialist competition (p 102).

The articles in the anthology cogently illustrate the two main features of U.S. science and technology policy--its subordination to the interests of monopolist capital and its militarist thrust.

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